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ABSTRACT

Business leaders realize that the nation's schools are increasingly unable to graduate the kind of workers needed to keep the United States competitive with other nations. To examine some of the solutions American business has advanced to solve the problems in the schools--including innovative partnerships between business and communities--The Heritage Foundation brought together business and public policy experts for a day-long conference. This document reveals their deliberations, which focus on the future role of American business in public education. Proceedings included five panel discussions focusing on the following topics: "Panel I: The Corporate Perspective"; "Panel II: Business and Education--An Abused Partnership?"; "Panel III: Building Community Alliances--A Neighborhood Perspective"; "Panel IV: Improving Public and Private Education"; and "Panel V: Business and Public Policy". (JAM)

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Can Business Save Education?

Strategies for the 1990s

Edited by Jeanne Allen

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The Heritage Foundation
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Keynote Address

Honorable Pierre S. du Pont IV: It is a pleasure to be back at Heritage. The last time I was here was in the middle of the presidential primaries, and we discussed the Strategic Defense Initiative and the wisdom of signing the INF Treaty.

Well, today the topic may be different – education – but I feel as if I am still talking about defensive strategies. Frankly, I am tired of reading all the statistics that show U.S. education lagging dangerously behind other nations. It is time for us – beginning with those of us in this room – to go on the offensive and take some action.

The letter from Ed Feulner inviting me to speak today said the purpose of this conference is to "explore ways in which the experience of the business community can help in the design of the new Administration's education policies." Now, I have found Ed Feulner to be a man of his word. It is up to you and me, then, to be sure the next couple of days are not spent jawboning and bemoaning the present state of education. Let us agree to do something about it.

This forum's title – "Can Business Save Education?" – asks a question that demands an answer. As one who has viewed our education system from the perspectives of a U.S. Congressman, a governor, chairman of a major educational organization, and most recently as a presidential candidate, I have an answer. It is "Yes, but."

Yes, but not without a plan.

Yes, but not without the help of a majority of the people and organizations all pulling in the same direction.

Yes, but not without relying on tried-and-true principles that have helped each of your businesses prosper over the years.

Yes, but not without calling a halt to the dialogue and beginning the action.

Most important, yes, but not without fundamentally changing our education system, not without recognizing that what we are doing has failed.

Let this forum serve as the clarion call to action.

Governor du Pont spoke at a dinner for conference participants on February 22,

Now all that sounds terrific, you might say, but where do we start? The people who will follow me will be able to cite chapter and verse of careful studies that describe trends in education today. I will leave the academic arguments to those more qualified than I. Instead, I would cite a series of articles done by as objective a source as I could find – a newspaper. I have had my quarrels with some newspapers' degrees of objectivity over the years, but even I will admit that a large newspaper has little reason to conduct a lengthy analysis and to go out on a limb and make recommendations for sweeping changes in major institutions without some sound reasons.

The *Chicago Tribune* last spring published a seven-part series on education in Chicago. The series was put together by a team of reporters after seven months of examination. Let me read to you from the *Chicago Tribune's* concluding editorial:

> The quickest, surest way to explode the bureaucrat blob, escape from the self-seeking union and develop schools that succeed for children is to set up a voucher system. That would bring new people into school management, assure local control, empower parents, squeeze out bad schools and put the forces of competition to work for improving education.

Remember this is not some theoretical economist writing those words. This is an editorial in the leading newspaper in our nation's third largest city, calling for dramatic, fundamental change. Now there is an editor who ought to be given a raise.

As many of you probably know, I have been an advocate of a voucher system for education for quite some time. That advocacy stems from the belief that the U.S. is no longer in a position to tinker at the margins with education. We have tried that approach. We all thought we were going to make huge strides in education in the early 1980s when reports like "A Nation At Risk" and "Action for Excellence" were published. State governments played a leading role during that period in making improvements in some areas – such as improving teachers' salaries, adding more math and science courses, and generally demanding higher standards.

But five years after the publication of "A Nation At Risk," there is painfully little evidence that these changes have had any real impact on student performance. In math and science, American education remains the 12th best in the world. In many of our urban schools, dropout rates exceed 50 percent. In 1982, the *best* schools in Minneapolis tested lower in math scores than the *worst* schools in Sendai, Japan, a comparative statement that could be made for many cities across America.

I think it is time to stop tinkering. We are in a battle – an international battle – that will determine the shape of the future for our children and our grandchildren. And important from businesses' perspective, the outcome of that battle will determine the quality of the work force of the future and, ultimately, U.S. businesses' ability to compete in a global economy.

That battle will not be won by mimicking the Japanese or by emulating the Germans, but by relying on our strengths and doing what we do best: where others pursue structure, we must pursue freedom; where others pursue regulation, we must pursue innovation; where others pursue monopoly, we must pursue competition and diversity.

For elementary and secondary education, competition means vouchers – not just increased choice among public schools and not just vouchers for disadvantaged students as the Administration has proposed. It means allowing private schools to compete directly with public schools for students on a equal footing.

The remarkable thing about our elementary and secondary education system today is that we have any private schools at all. The government provides education free of charge at public schools, and still people choose to pay thousands of dollars in tuition to send their children to private schools. It is the biggest case of predatory pricing in history, and still the government has not been able to drive its competition out of the marketplace.

The reason, as we all know, is that monopolies are notoriously inefficient. They become complacent and satisfied, and pretty soon – well, pretty soon we have the 12th best school system in the world.

Parents have clearly demonstrated their willingness to finance education. Since 1960, we have more than doubled the constant dollar spending, per student, that we put into elementary and secondary education. That is good. But look what has happened to that money.

Teacher salaries have gone up only about 30 percent, and class sizes gone down only about 40 percent. Spending for administrators, by contrast, has more than kept up, and today there are more than twice as many administrators per student as in 1960.

If more administrators produced better students, I would be all for more administrators. But we are not producing better students. SAT test scores are down about 10 percent since 1960 – and that is despite evidence that the tests have become easier.

Today, over five million families are paying to send their children to private schools, because they believe they will get a better education. All the evidence suggests they are right. Studies have shown that private schools, especially Catholic schools, produce better students. And the greatest beneficiaries are not well-to-do students from upper-income families: The greatest beneficiaries of private schools are disadvantaged and poor students, the ones most in need of special help.

But the best evidence that private schools offer something better comes not from the researchers. It comes from public school teachers, the real experts, who send their children to private schools nearly twice as often as parents in general. In Chicago, for example, 46 percent of public school teachers who live in the city send their children to private schools, compared with a citywide average of 23 percent.

The American people understand how much better off they would be if they could choose the schools their children would attend. Most of all, the poor understand it. They continue to be the biggest supporters of vouchers.

Competition will reward good schools, force bad schools to get better, and provide every family in the United States with choices they do not have today. Our goal should be to encourage universal educational choice, for all students, not just the poor or the wealthy, by the year 2000. States and localities should be able to provide vouchers or other funding mechanisms so that all families can choose the education that best fits their needs.

If a community decides its schools need improvement, and they choose competition, there will still be some who will not like this idea. We know the teachers' unions will not like it. We know most administrators will be against it, as will all the bureaucrats and interest groups who depend upon the status quo for their living. But we know

we can be better than the 12th best education system in the world, and communities will not be afraid to ruffle a few feathers to improve.

I have another speech I have been giving as I travel around the country, which has to do with the tendency of great nations to become ossified, to resist change to the point where productivity suffers, and ultimately, they fall victim to the special interests whose stake in the status quo exceeds their perceived stake in society's future.

The kind of ossification I talk about has to do with protectionism, with barriers to new products and subsidies to old, inefficient ways of doing business. That kind of policy, resisting change instead of facilitating it, is always counterproductive.

And I would argue that the one area where we absolutely cannot afford to let the status quo triumph is in education. How can we allow our children to attend schools which are, at best, mediocre and, at worst, literally life threatening? How can we allow our citizenry to become so ignorant that many of us cannot find our own nation or our nation's capital on a map? And how will we explain to our sons and daughters that their standard of living will never match what we had, because they do not have the education to compete in the world market?

The forces of the status quo have seen the writing on the wall. They know change is threatening their business-as-usual world – in Minnesota, which is implementing a statewide plan of choice among public schools, in Cambridge, Massachusetts, in Harlem, deep in the slums of New York City, and in small ways, all across the country. They have heard President Bush speak of educational choice, and they have read the polls that show the American people agree with him.

Under the circumstances, the choice is not between change and no change – it is between change that really matters, and superficial change, the kind we have had over the past five years. Ultimately the only change that really matters is to end the public sector monopoly over education and let the private sector compete to restore freedom, choice, discipline, and excellence to American education.

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What can business do? First and foremost, it can go into the business of education. If the government is doing as bad a job at education as

we all know it is, there is a huge market here of virtually unlimited potential. Let us tap that market, and show the bureaucrats what the private sector can really do. Start a remedial school in your town; offer special training courses to high school students to prepare them for jobs in your company.

Go back to your community next week and arrange a public speech before an appropriate forum. Give a speech about choice in education, propose a voucher plan for your school district, have your legal department draft freedom of choice legislation, send it over your signature to every member of your state legislature, and ask to testify in favor of it. In short, use the power and visibility of your office to start the ball rolling.

In that vein, it is useful to look to the experience of Minnesota's Governor Rudy Perpich. Several years back, Rudy proposed allowing high school dropouts and "at-risk" students to choose among public schools. That worked so well they opened up the choice to include private schools. Now, they are offering all students a choice among public schools. If that works, who knows what could be next?

At the federal level – and since we are in Washington, we would be failing to show proper respect if we failed to talk about what the federal government should be doing – we ought to apply that same foot-in-the-door principle to federal education aid. The federal government now contributes less than 10 percent of all the money spent on elementary and secondary education, and most of that is targeted to educationally and socioeconomically disadvantaged youngsters through the so-called Title I program. Would it not make sense for these disadvantaged children to have choice? If a private school could provide a better remedial reading program that the local public school, why should disadvantaged children not have that choice?

The answer to that question seems obvious, but for three years the Reagan Administration made exactly that proposal, and for three years Congress said no. So that is an area where we have to do a better job – persuading Congress that we want to help, but that we cannot if they will not let us. Call on your Congressman and your Senator personally. Ask them to sponsor such a bill.

A second foot-in-the-door proposal would involve looking at some of the worst school districts in America. We are talking about school districts in which less than half, sometimes as few as a quarter, of all

the students graduate from high school. These are schools that literally do a better job of teaching kids how to be criminals than how to be productive members of society. Suppose we took the ten worst school districts in America and opened them up completely to private and public choice – call them "Education Enterprise Zones." Drop a note to Secretary of Education Lauro Cavazos urging him to consider such a plan.

I know we have a friend in the White House. George Bush on numerous occasions has pronounced his support for educational choice. But kind words of presidential support alone will not change our education leviathan. For all of Ronald Reagan's efforts to the contrary, we still do not have a Balanced Budget Amendment or a line-item veto. It is great to have the President's public support, but it is up to us to help the new Administration set a path toward educational choice – and excellence.

When a kinder, gentler nation measures itself by the quality of education it provides for a poor, black kindergartner on the South side of Chicago, we must not fall short.

We do not want to hear about tenure, or pupil/teacher ratios, or interdistrict resource equalization programs. We want to hear of excellence, of opportunity, of success. To borrow a phrase, "A mind is a terrible thing to waste." Our nation's education system is wasting millions of them. Now is the time to stop. Now is the time to change. Now is the time to join hands and lead America back to its tradition of educational excellence.

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Opening Remarks

Edwin J. Feulner, Jr.: On behalf of all my colleagues and the board of trustees and the staff of The Heritage Foundation, it is my great pleasure to welcome you here today for a conference, "Can Business Save Education?"

The title of this conference seems particularly topical. An old friend has reminded me that even I, as someone only peripherally involved in education issues, have met with enough educators over the years to know that educators like to talk a lot. But not always a great deal of action follows, whereas businessmen really believe in action – direct action. So today, we are bringing some of the best ideas of what education could be in our country together with those of some business leaders who know that talk is not enough, that we really have to get out there and make these things work.

Education has been at the top of the agenda in our nation's board rooms in recent years for a whole host of reasons. Business leaders, educators, and policy experts have in fact formed unique partnerships around the country to address the challenges inherent in our increasingly technological society, and this is sometimes a marriage of force and not necessarily one of choice.

We share concern over the fate of the United States in broad public policy questions, all of which depend on education issues, whether we are talking about competitiveness, the quality of our work force, or the general literacy of our citizens when it comes to voting and participation in the democratic process. These are not idle concerns because what we really worry about is that we are in danger of losing the semblance of what education originally was intended to accomplish.

In taking a short step back, looking at schools in the 18th century, we see they had the specific role of helping to develop a sense of national character. As we were beginning to form a new nation, both public and private institutions shared equally in the responsibility for instilling values not just education, for sharing the lessons of history and the teachings of the great works of literature, and for applying shared methods to mathematics and science, to rhetoric, to the study

of language. We have come a long way, unfortunately not always in the right direction.

But today there is an interest in a return to these basics after nearly three decades have diluted education to what Jeanne Allen calls "cafeteria-style" lessons and curricula. The results of tinkering with the minds of our students is apparent throughout the country, and we have high school graduates who cannot spell, cannot read a newspaper, cannot perform simple addition and subtraction problems. In fact, as we learned from the questionnaires and responses that came to the invitations from around the country, many of you in the corporate community have been involved in retraining and, in effect, reeducating entry-level employees.

As Heritage has grown over the last fourteen or fifteen years, I must say that even I, on a very low scale, have had to face up to these facts. As we look at our entry-level employees, we often see the lack not just of fundamental work habits but, in fact, of basic skills.

We have invited you here as national leaders, as individuals in unique positions capable of influencing public policy, especially in the education area. We will be hearing from individuals in the business community from wide-ranging backgrounds across the country who can shed some light on what works in the schools, in the communities, and in the legislatures.

I have an old rule of never going into a meeting without having an idea of what results should come out of that meeting, and we do hope for very specific results from today's meeting. Our goal today is to devise specific strategies for how you in the business community can help redesign education policy, how you can become more involved not only here in Washington but at the local level. That goes for everything from working here with the Congress, working with the Secretary of Education and his chief of staff to going out and talking to your local civic associations, Lions, Rotary, and Kiwanis Clubs, and, in many respects as I have already implied, being ready to stand up to the education establishment.

It is serious for me when the *Chicago Tribune* brings out a week-long series and talks day after day about Chicago as having the worst school system in the United States. This is the *Chicago Tribune* that I grew up with in suburban Chicago and remember as the world's greatest

newspaper in the world's greatest city, and now the *Tribune* has to say that about schools in its own backyard.

Heritage is pleased to have this opportunity to be involved in this important and indeed vital debate. We believe the broad interest represented here today can fuel the dialogue and further ignite education reform throughout the country.

George Bush was elected as "the Education President," and I think we have to help him define exactly what that means. It does not mean just throwing more money at the problem. It means finding out from groups like this and from conferences like this what works and making sure that those new ideas are pushed into the system, a system that will probably be reluctant to accept them, which means we will have to really shove very, very hard.

I know you agree with me that the present situation in education is unacceptable. The future is in dire need of our attention. I look forward to hearing the conclusions to be arrived at during this meeting here today.

Now, for an overview of the problem and the intent of today's conference, here is Jeanne Allen, Heritage's Policy Analyst in educational matters.

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Overview

Jeanne Allen: For years we have been hearing about the poor state of American education. It is a dismal situation, but there is a little bit of hope out there. America is a crisis-oriented nation, known to be able to react in times of crisis. But reforms for education should have been planted long ago when we first began to see the abysmal achievement scores of U.S. students and their failure to compete with their foreign counterparts on the most basic skills.

Ample attention has been paid to the fact that education needs to be improved. Now, to ensure that the methods are well chosen and that it can generate lasting results, we must look to the communities for leadership, to civic groups, schools, and businesses.

Citizen activists are cropping up in towns and cities nationwide demanding change and improvement in the schools. Teachers have joined the fight, often departing from union policies and domination to seek help from the community. Thankfully, many legislators have awakened from what amounts to about a twenty-year slumber that accompanied educational stagnation. In fact, legislators have been responsive to passing education reforms in their statehouses in most instances because of the efforts of the community, mainly business pressure.

In Minnesota, it was business that made the difference in persuading the education pundits to accept parental choice in selecting schools for their children.

In Chicago, business was instrumental in convincing a divided legislature to adopt school reforms for the city's public schools. There, the legislature, for many different reasons, was opposed to any kind of reform, but because of community activists and business people, reforms were adopted – not everything, but enough to make a difference.

In Oregon and California, Connecticut, Florida, and many other states, business coalitions are actively fighting for structural changes in school systems.

Business is the single largest contributor to the education of our young next to the American taxpayer, of course. In addition to the $199 billion nationwide in tax money, nearly $40 billion in private business investments goes to educating 45 million primary and secondary students in this country. That is about $5,300 per student per year. Still we are graduating kids who cannot even interpret a newspaper article, cannot locate Japan on the map, and cannot identify the time period of the Civil War. Business bears the brunt of this, but we all share the harmful effects of unprepared and uneducated generations of students.

In addition to money, business leaders are demonstrating their commitment to improving education by designing new approaches, writing books, teaching classes, forming citizen action committees, and lobbying their legislators. Yet after all of this, public education still fails to take business seriously. Part of the problem is that U.S. corporations have neglected to focus on the individual return on their investment. Some think money is the answer. They are right, but only when properly channeled and coordinated.

Each year this national commitment to education increases. Yet it results in little else than satisfying bloated bureaucracies, certainly not in helping the students it was intended to help. America commits more than $60,000 to a student's education from the primary grades through high school. Is this not a sizable enough commitment? Is this not a big enough commitment to expect something good in return?

After committing $60,000 to the training of an employee, who then failed to perform would business continue this type of program, or would it reevaluate? Would you allow such a sizable commitment without tracking its productivity and return? Would you not adjust, restructure, or review your investment?

That is the state we are faced with at this point in time. I suspect from your presence here, that you are looking for some answers, and I think we can find some very bold and useful suggestions for action from our program and this audience.

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Panel I

The Corporat . Perspective

Mrs. Allen: We are very pleased to have Warren Brookes starting out our first panel this morning as chairman. He is a nationally syndicated columnist in about fifteen daily newspapers nationwide, home based in the *Detroit News*, and I am sure all of you are familiar with his work primarily in the area of economics. He has had some of the most amazing insights into the education system and the source of its problems.

Warren was an economics major at Harvard College. His journalism career started at the *Boston Herald* in 1975 following a very long career in advertising and the business community. He has had numerous journalism awards and recognitions and is described as practically a national asset, a four-star rating. Warren Brookes.

Warren Brookes: One of the mysteries of the economics profession in the last decade or so has been why American productivity suddenly trailed off and stopped growing in the 1970s. It has recovered substantially in the 1980s but is nowhere near earlier levels.

One of the things that has puzzled economists is that, in spite of some dropoff in capital spending, you cannot find the explanation for that productivity drop in capital. Fortunately, a very bright economist named John Kendrick, sort of the senior dean of the whole study of productivity, has spent a lifetime looking at this problem and concluded in the late 1970s that 80 percent of productivity gains can be traced to what he calls the knowledge factor.

This obviously is increasing as the world moves into what is sometimes called the information revolution, the information society, the information economy. What we are discovering, of course, in the 1980s — and we will see more and more of it as we go on — is that information is capital. Capital is information. It moves around the world at lightning speed. It has no recognition of national boundaries. Information is the capital of today and tomorrow.

The problem, of course, in the 1980s is that we suddenly discovered we are turning out kids who do not know very much. So even as the information quotient in productivity was soaring, the information output of our schools apparently was declining. We have discovered to our amazement that the Japanese economy is performing better and better and better. It still has not caught up to our productivity levels, but it is rapidly reaching that point and is overtaking us.

I think there is universal agreement that they are doing a better job of educating their young people. In Japan, as you probably have seen in the recent television discussions of this, high school students graduate with ability to do simple probability studies on the factory floor, to do statistical analysis.

Now let me tell you, as a journalist in the economics field, I watch people writing seriously about the U.S. economy who cannot do a single percentage on their own. They cannot even do simple percentages. I know because they often call me and ask me to do percentages for them.

Now this same journalistic profession has been the one telling us over the last six or seven years that the nation has been creating nothing but low-paid jobs. They have not been able to explain why it is that we are having such a terrible problem with the so-called skills gap, the gap between the ability of the kids coming out of school and what the jobs are demanding. The fact of the matter is that our problem of the 1980s has not been creating too many low-pay jobs. It has been creating too many low-pay people. The fact of the matter is that the job curve is going steadily up. The numbers are very clear.

Every month you look at the numbers that are coming out of the Bureau of Labor Statistics, and in the last twelve months, those numbers routinely showed that at the top over half the jobs are in what they call the managerial and professional category. That is the highest skilled category that the BLS rates. Now back in the 1970s that figure was routinely 20 percent or 22 percent or 21 percent. In the 1980s, it has been routinely above 40 percent, and over the last three years, above 50 percent.

Now that means that we are creating higher skilled jobs faster than ever before, but at the same time apparently we are not creating the skilled personnel to fill them. If you look at the demographic curves over the next thirty years, you will see the business community faced

with a terrible problem. You are going to have to import or train skills. You are going to have to get them from abroad or import the products from abroad.

To a certain degree, we are now running our economy on the skills in other markets, and it is not just the capital. We are importing capital, true, but we are also importing people and skills, and we are going to have to do more of it unless we can turn the school systems around.

I think that it is simple to see that the survival of the U.S. in the world economy and the corporate success of you in this audience pretty much depend on the ability to start turning out more high-paid people to fill the high-paid jobs, because we are moving into what George Gilder calls the quantum economy. This is an economy that is not only exploding in terms of information, technology, and growth but is exploding in the demand for information skills, and they are growing at a geometric pace.

So I would suggest to George Bush that what we are looking at is not the need for a kinder, gentler society but perhaps a leaner, meaner educational system.

You look at what is happening in Japan. They are not kinder and gentler to their students. They know that their students have to perform in a tough world market and in a tough world economy, and they are putting the emphasis on discipline in training and in performance. We have not done that, and we are still not doing that, not to the degree that we are going to have to.

Kinder, gentler is a description of what our culture has been, and unfortunately that is not going to cut it in the world economy we are moving into because the information revolution will demand more discipline, more ability to think logically, cohesively, coherently, and more ability to use the mathematical sciences, the information sciences, the computer sciences, which are not loose. They are demanding. Computers crash when you fail to treat them right.

One of the advantages of the computer system is that it is forcing a kind of discipline that we have not been seeing in our school system, and that is why corporations are now facing the problem. You can see it in the weekly advertising pages in Washington and even in Detroit. Fairly substantial chunks of help-wanted advertising. But go through and look at what that advertising is for. Seventy percent of the jobs are

skill jobs. They are jobs that demand a level of skill that none of the school systems in those markets are at the moment generating.

That gap is going to continue to grow, particularly because demographically we are raising smaller numbers of nonminorities – that is, the so-called majority students whom we have typically expected to fill a large share of our high school jobs. Now we are going to have to learn how to train minorities to fill those high school grad's jobs, and we have not been doing it.

It is not that they cannot. The problem facing corporate America is what to do right now about improving those school systems, because we have an enormous wasted asset out there in our young people, particularly our minority young people, who are being subjected to some of the worst school systems this country could possibly dream of. It is going to take extreme tough-mindedness on the part of the corporate community to get involved in changing this and not just in a money way.

I would like to mention briefly an experience in Boston. The Bank of Boston has just recently pulled out of the so-called education compact. It pulled out after pouring, I think, $4 or $5 million into this compact only to see that not only were there no results but that the results in the school system actually were getting steadily worse.

Now unless they are prepared to deal with the structural problems of a bureaucracy that is spending over $7,000 per student per year to get a 48 percent dropout rate and to get students that typically are reading two years below grade level year after year, the money is no problem.

The problem is we must change the whole system, the whole way of looking at things. We must introduce the same factors that operate in business: competition, choice, serious accountability. If we fail to get those values into the school systems, they are not going to change, and all the money in the world is not going to change them. In Detroit, we have just had a revolution in the school system, a whole new slate of reform candidates for the school board talking choice, accountability, discipline, values, and the minorities are leading that fight. They want their kids educated, and they are demanding something better of the old school, of the entrenched school bureaucracies. The question is will corporate America be willing to get into that political struggle, because if not, just playing nice-nice with the bureaucracies is a recipe

for getting nothing in return. This morning, you are going to hear from some people who have been in this process a bit and who are dealing with it – coping with it on the corporate level.

Our first speaker, Harry Wiley, is the Director of Advertising and Communications for the Ashland Oil Company. He was born in Richmond, Virginia, and went to Marshall University in Huntington. He has been with Ashland Oil since 1969, basically as a key player in their public relations activity.He served as a Navy journalist in Vietnam. He is going to talk a bit about the Ashland's successful efforts in developing what are called business education partnerships and why Ashland views this as a critical relationship for the future of their corporation in the markets and communities where they are now located. Harry Wiley.

Harry Wiley: I would like to address the Ashland Oil situation as we regard education in the communities in which we operate. But if I were to do that in its totality, I would be talking about the world economy because Ashland Oil operates around the world. So I will let you know what we are doing specifically in four states and in some surrounding states where we have large employee bases, where we have large shareholder bases, and where we have large customer bases.

First of all, rather than engage you with a litany of numbers that we have all heard about the cost to business of an educated work force, let me say that, in terms of both human and dollars relationships, if you think education is expensive, try ignorance. Think about that. It has a dollar connotation. And it has a very real human connotation.

All American business would agree that educational reform, not tinkering but true reform, is necessary and long overdue.

It is true that we operate in an international marketplace today. The child in Ashland, Kentucky, or someplace in Georgia or Mississippi or California is engaged in an international marketplace. As at no time before in American history, it is true that today we compete for goods, for products, for services with the world market, and it is true in the smallest, to the largest, American city.

I think that business must continue its historical support for quality education through grants, through support of graduation equivalency degree programs, through support of educational television. In addition, I think that we should continue to look for partnerships in the

community, to look for others in the public who support educational initiatives. American business cannot change education alone. We need to align ourselves with public groups who support the same goals and needs, but beyond that, it is time that American business stood up to say, "We want to be counted," and we can do that in several ways.

I would like to share with you what Ashland Oil has done to take a leadership role, as I think business must take a leadership role in these changes. I believe that unfortunately we have a rather apathetic public in this nation, and thus a major job of business is to increase awareness. Does Joe, average American, does Sally, average American, really know that there is trouble? Yes, some do. Many do. Some do and do not care.

Raising awareness is a job for business, and I will show you how Ashland has tried to raise awareness through advertising, the tried and true method. We can sell corn flakes. We ought to be able to sell education.

Number two, I think that we need to bring business concepts to education. We need to show initiatives in our own way. We need to be inventive, and, if necessary, if we cannot find the program in the public sector, if we cannot find it in the education community, we need to invent it and bring it to them. If we have to put it on a platter and say here it is, we paid for it, we want you to do it, here it is, try it, then we must do that because we cannot wait. We cannot wait any longer.

We must show leadership by actions, not only by words and not by simply throwing money at a problem. We know that does not work. It may be part of an answer. It definitely is not a total solution.

That is where we are to date. Ashland Oil is an $8 billion sales corporation involved in chemicals, oil and gas, road pavings, engineering and design, and a few other things. You probably know us best by Valvoline motor oil. That is our premier consumer product. But we are mostly a business-to-business type company with most of our sales in that category. As the largest corporation in Kentucky, we border West Virginia and face southern Ohio across the river.

Crossing state lines does not change the demographics of an area very much. We found initiatives in all three of those states. Minnesota is a very important state for us, and you know all about the improvements in Minnesota education and the pride that Minnesotans take in their education.

The programs I am going to show you today, many of which we have installed there or shown there, have the same success rate because we are finding that, once we raise awareness, there are not too many people who disagree with us.

Things are moving forward. Are they moving fast enough? Probably not. But we are proud of the part we have played, and we are encouraging other companies. In fact, since we began spending all of our corporate advertising dollars toward educational improvement, we are seeing other companies join us.

So the corporate voice is getting louder and calling for change – on two levels. Number one, as a large corporation dealing with government officials and with the bureaucracies, we are calling for change individually. Yet, our efforts are also raising this grass-roots level, which is so important, as we know all politicians respond generally well when their constituencies indicate that they want change.

I brought some videotape to demonstrate some of our efforts.

First, a very basic program that runs now in Kentucky and West Virginia and will be soon introduced in two other states. This is a program called "Day on Campus." We enjoy the cooperation of every college, public and private, in West Virginia and Kentucky. It works like this. A school can send children in grades four through nine to a college campus for the day. Ashland Oil provides half the funds for the trip, and a local business or businesses provides the matching half.

The college provides an interesting day on campus, not just a visit to the basketball arena or the football field. Teachers use the visits to show their students that college is an exciting and fun place and that you cannot attend unless you graduate from high school.

A very basic program, send children to a college campus for a day. Does it work? Yes, it works. Last year we piloted this program in Kentucky and West Virginia. Four thousand students visited college campuses. This year, in Kentucky alone, 6,000 more are going in the weeks ahead, not counting West Virginia.

We are starting this basic program in two other states. Why did no one else think to organize, formalize a program that put children on a college campus? Did we reinvent the wheel? Did we invent the wheel? Probably not, but we took the action that was necessary. Why did we do it? If children can see a college campus, they can dream about it, and think there is a chance they can themselves go to college.

How much does it cost? Nothing, practically. Many teachers believe it costs $50,000 to go visit someplace. But this just does not make sense. Forty-two dollars per school visit is what Ashland Oil is averaging in Kentucky. Now, that means some local business found $42 to become our partner.

Could Ashland Oil afford the whole $84? Of course we could, but in this program we made the school talk to a local business partner. The local business partner, Joe's Budget Pharmacy, cannot afford $10,000. Can he afford $42? Sure he can. Would he want to? Would he want to be a cosponsor of a visit? Of course he would. When she comes back from the visit, does the teacher have the children write a thank-you note to Joe's Budget Pharmacy as a letter writing exercise? Many did.

Joe liked to do it. He also got forty letters from these children who visited the college campus. He put them on his little community bulletin board. Did the parents like it? Did they shop at Joe's Budget Pharmacy? Sure they did. Everybody wins. Best of all, the children won. If they were college bound, they got positive reinforcement. If they had never dreamed of going to college, they could dream of it now? Yes. Is there a possibility that this was a life-changing experience? Yes.

Everything works. A very simple program. Do the colleges like it? Yes, because they are all recruiting. They are marketing for these students. There are so many things that work right with a program like this, it is hard to see why it has not been done before.

Let me tell you about our advertising program. The best way to tell you about it is to show you our current campaign.

Advertising campaigns have to have bumper stickers. For six years we have been involved in advertising quality education. This year the name of the campaign is "Teachers Change Lives." Our research showed that there has been a great diminishment in respect for teachers. We can all argue about effectiveness of teachers, but I do not think anybody can argue about the respect they deserve and that a lot depends on the teacher in the classroom to make education work.

So we have decided to help teachers. Our aim this year was two-fold: support teachers; make people recognize the importance of teachers; and number two, see how teachers can have a great impact on students in general and on at-risk students particularly.

Video Voice: A lot has changed since the days of the one-room schoolhouse. Today's students have access to more information and better educational tools than any generation in history.

Still, one simple fact remains as true now as it was then: Children don't just learn. They are taught.

Video Voice: Sometimes it's really hard for me to believe I'm here. Eight years ago I was 16, pregnant and scared. I dropped out of school and just waited for things to get worse.

Then one day I got a call from Mrs. Jansen, my art teacher. She said Rachel, you've got real talent. Don't walk away from it now.

You know, that woman didn't just give me an education. What she gave me or gave us was a future.

Video Voice: Growing up, I didn't get all the breaks, you know, and so I decided I was too cool, my family, my friends, especially the school.

One day old Mr. Hawkins, the math teacher, just shows up on my front porch and he says, son, you can go on feeling sorry for yourself all your life. Just don't expect the rest of the world to join you.

For some reason I followed him back to school, and you know what? I never left.

Mr. Wiley: "Teachers Change Lives" has been a very successful campaign for us. We will probably continue with the same idea for the coming year. We think they are very powerful commercials – worth two years of planning to make the point. And there is print advertising and radio that goes along with the video.

What does business get out of this other than good students and a better educated work force? I think you can see that we are now appreciated after six years of this, we are known as the education company. Our research shows it, and it has done us good in terms of public image. People are writing to us. People are stopping in our Super America stores to say "I'm shopping here because of what you are doing for education."

We really did not look for that direct payoff, but we signed the videos because we wanted people to know who we were. To the consumer, it is Valvoline and Super America, and definitely it is paying off for us.

Before we did "Teachers Change Lives," we ran an elementary school program, a videotape called "Critical Factors." It is a teaching aid for dropout prevention. And this program has been working. The Kentucky education people said the dropout rate is dropping significantly now. We have made this video available to elementary schools in four states.

The Advertising Council adapted our video in a corporate campaign in one of their national public service bulletin campaigns. So many programs are going forward.

Mr. Brookes: Thank you very much. That is pretty convincing evidence of a corporation doing the job on the education front.

Our next speaker is Jerry Hume. In addition to being involved in virtually every major education activity in the State of California, he finds time to be the Chairman of the Board and CEO of Basic American Foods, a large corporation in San Francisco.

I am fascinated by the fact that he is on the Foundation for Teaching Economics. I once asked Milton Friedman why it is that so few of our children coming out of high school know anything about the free enterprise system. All seem to think that socialism is the ultimate. And Milton's answer was provocative and straightforward. He said, "What do you expect from a socialist system?" What we are all up against is that we have an environment that is essentially government-dominated. And business has a job to leaven that environment and bring those people back to reality.

Jerry Hume is well qualified to do this by a whole host of activities. He is particularly involved in the California Business Roundtable Restructuring for State Education Activity, and he has earned the plaudits of the community for that. Jerry Hume.

Jerry Hume: I am a member of the Education Task Force of the California Business Roundtable. The Roundtable is composed of ninety of the largest employers in California.

Today I want to talk about concerns that we as business people have regarding the output of the educational system, and then I would like to review with you some of the information that we as business people receive regarding the students that are graduating from our high schools. Then I would want to reflect on why we are in the situation

where we find ourselves. I will recommend a course of action that I feel is necessary, given the current situation. Finally, I will speak about what we are doing in California.

What kind of students are coming out of our schools? Headlines in the paper in January: "Urgent Call to Reform Math Teaching." Most students leave school without enough skills to meet job demands or to continue their education effectively, prominent mathematicians, scientists, and engineers said in their report.

Headlines in the paper in February: "U.S. Education Too Basic." Their traditional classroom with its lecturing, teachers, and workbooks is turning out students with basic skills but little else, said another report.

The report of the National Assessment of Educational Progress of the Department of Education said that there is a disturbing lack of high-level achievement. It called for major changes in how and what Americans are taught. The report presented the following findings: About one-third of nine-year-olds could not read simple text. About one-quarter did not have beginning math skills. A quarter of 13-year-olds failed to demonstrate an adequate understanding of elementary school math skills. Sixty-one percent of 17-year-olds could not read or understand high school-level math This report is this year.

How can that happen and the system not, one, be aware of the fact well before a distinguished panel reports the situation, and two, not take corrective action to prevent a generation of American children's leaving school unequipped with the tools they need to hold down a job in the future.

What the headlines told me is that the school system was not asking, "Are we supplying what the marketplace needs?" Why not? More about that later.

What kind of employees are currently coming out of the schools? Eighty-four percent of the applicants for entry-level positions at New York Telephone failed entry-level examinations between January and July 1987. Of the 22,000 applicants tested for basic skills in vocabulary, number relationships, and problem solving, only 16 percent passed.

At Pacific Bell, similar entry-level tests are required. During a 12-month period ending in 1988, of the over 6,000 applicants tested for entry-level operator and clerical skills, slightly more than 54 percent were able to pass the basic test.

Pacific Bell also reports that hiring in some inner-city areas is particularly difficult. For example, in Los Angeles, Pacific Bell advertised for entry-level positions, and 258 applicants responded All were scheduled for testing. Only 140 of the 258 showed up. One in fourteen, 7 percent of the 140 applicants tested were able to pass the test. Why were 93 percent of the applicants unable to pass the test? Because they did not have the basic skills that jobs currently available require.

So from a business perspective – and businesses are one of the major consumers of the products of the school system – the schools are not providing students with the skills needed to let them acquire, let alone hold down, jobs.

The Achievement Council, a California-based group, reported on the status of education of blacks and Hispanics. Their reports summarize student performance for 1984 to 1987. Among all high school students, dropout rates between grade ten and high school graduation increased from 29 percent to 33 percent.

Among Latinos and blacks, dropout rates increased to 45 percent and 48 percent. Demographically, Latinos and blacks will be the majority of student population in California in the 1990s. What does that mean for our society?

In March 1988, the Achievement Council summarized education results as follows. The low achievement patterns that characterize certain large and growing segments of our population, especially Latinos, blacks, and poor youngsters of all races, continue unabated. Special categorical programs have not changed these patterns, and neither have the more recent reform strategies.

The price for continued failure to mount an all-out attack on these problems is huge and will keep growing. Our economic system which depends upon well-educated workers, will be crippled by the lack of qualified young people. We will continue to pay huge downstream costs, more police, prisons, welfare, housing subsidies, and health care for adults who cannot qualify for jobs that will enable them to support themselves and their families.

More and more of our citizens will be unprepared for the privileges and responsibilities of full participation in our democracy, and our society will become increasingly divided with the well-educated minority of whites and Asians composing the upper tier and a poorly educated majority of Latinos and blacks composing the bottom tier.

That prospect frightens me. That is not the society I wish our children to grow up in. Why are we in this situation? If we in business provide a product that the consumer judges to be defective, they do not buy from us, and we either change the product or go out of business

This responsiveness of the marketplace is not characteristic of the educational system. Why? As Ted Kolderie said in a speech before the Conference Board, right now public education K to 12 in the United States is a service that people are required by law to use from about age 6 to age 16. It is free in the public schools. The customers can go elsewhere but only at their own expense.

The public system is restricted. Within each district there is one and only one public teaching organization to which children in that district are assigned. People can get to another public district at their own expense but only by changing their place of residence.

This arrangement created by the state has pretty clearly not been designed to pay close attention to what the consumer wants. The state has given the system no real incentive to innovate at all. The combination of mandatory attendance and zero tuition pretty much assures that the students will come. If the students come, the revenue will come. If the revenue comes, the jobs will be there.

What is at risk in this arrangement is performance. Within pretty broad limits, the givens of the system provide the schools with what they need whether they make changes or improvements or not and independent of whether or how well the children learn.

If the schools try hard to improve, as many do, nothing very good will happen to them. If they fail, nothing very bad will happen to them. The accountability system is defective. For a country serious about excellence in education, this is an absurd arrangement.

In the current environment, the school system is not responsive to the needs of the consumer. The student shows that by dropping out. The parents show that by not being involved in their children's education, and business shows that by not being able to employ over 50 percent of the students who apply for jobs.

The school system must change and become responsive to the marketplace. The educational system must become responsive to the consumers of the educational product – children, the parents, and the employers.

The educational system is too big. It cannot be made to change. The educational system has to want to change. It will change if its reward system is changed. The system has to receive its reward if the children succeed. If the children fail, the system should be motivated to change so that the children can succeed.

In the Department of Education booklet *What Works in Education*, there are numerous illustrations of what works in schools even under the most adverse conditions. Spanish Harlem in New York is only one example. That system, by being shut down and restructured, now provides a product that is attracting children from private schools.

The entire school system will have to be restructured if it is to handle the demands placed upon education today. As the National Governors Association said, states will have to focus on educational outcomes and provide strong incentives for improved results throughout the system by linking performance with tangible consequences in the form of rewards and sanctions; or said another way, the educational establishment has to become output-oriented. The fundamental need is for children to succeed.

Business through its taxes spends large amounts on education every year. In California, 52 percent of the state's budget goes to education. Whether we do it in addition to what we pay for taxes or just through the taxes, we are spending a terrific amount on education right now. When a single area such as education consumes as much of the local budget as that, then business should work to insure that those funds are well spent.

Report after report states that schools need restructuring. Business should spend its funds insuring that the schools do restructure. To support the current system is to prolong the life of a system that is failing. This is a poor investment which we can ill afford to make.

Business individuals and foundations have to invest their funds where they will obtain the greatest incremental leverage, and that is not by supporting individual schools, individual school projects, or activities that help maintain the current system. Funds should be spent attempting to make the schools responsive to a different set of goals than is currently the case. Work to change the rules by which the school system is run. The system has to become consumer driven and results oriented. Business has to work with the state legislatures to effect

changes through legislation, and legislatures have to work just as hard as the educational establishment is working to maintain the status quo.

Only by changing the rules by which the educational establishment is funded will the educational establishment be able to change. Funding should follow performance. The Roundtable's report, "Restructuring Calif nia Education, a Design for Public Education in the 21st Century," is intended to make California education consumer responsive and to build upon what works.

The Roundtable in its report states that continued tinkering with public schools will not solve the profound difficulties facing educators. The problem is not lack of money or an absence of dedicated and competent teachers. More money, higher standards, and minor improvements will, at best, result in small gains.

The problem is the system itself. The system was designed originally for a different student population, a more coherent family and social structure, and a less complex knowledge and employment situation.

The current educational system has inherent limitations preventing educators from responding effectively to a rapidly changing world. The Roundtable believes and its report states that California must gradually and deliberately move to a new system based on different operating principles.

What are the restructuring factors necessary to make the educational system become consumer driven and results oriented that should be a necessary part of legislative reform? They are the key essentials that we are working for in California: parental choice of public schools; performance reports for individual schools; absolute right to close failing schools.

The California Business Roundtable has been active in state education results for many years. The latest efforts resulted from a study initiated two years ago that once again evaluated the California educational system. The report was presented to and approved by the Roundtable, and presentations were made throughout the state. We are now working with the governor, the Department of Education, and education and civic groups to arrive at a mutually agreeable agenda for legislation to restructure the Department of Education system and for moving it through the legislative process. We are attempting to build statewide coalitions of various education, ethnic, civic, and other community groups to support restructuring.

In summary, I encourage you to consider where your efforts will have the most significant, long-lasting results. Limited available funds should be spent where they will have the most leverage, which in my opinion, is in legislative reform.

Mr. Brookes: I think that we have just heard what it is that has to be said again and again. In the end of this century, and the beginning of the next century we are going to have to have a complete restructuring of the education system, and sometimes corporate America, for good and sufficient reasons, is reluctant to engage in that kind of battle. But it is your battle, and unless you turn this system right around, you are not going to make a difference. Our next speaker is Nancy Van Doren from Travelers Insurance Company in Hartford, Connecticut. Nancy is well trained to talk to us as somebody who has been involved in everything from community organizations to teaching in a regional high school in Nicaragua, editing for corporation communications of the Connecticut National Bank in Hartford, serving as a loss control officer, which gives her a lot of experience in some of today's problems. There is not enough loss control in most of our banking systems today. She is currently the manager of Youth Education Programs at Travelers, and she is going to talk to us about Travelers' efforts to improve education in Hartford. Nancy Van Doren.

Nancy Van Doren: I would like to start with a story.

One day a little boy and a little girl were playing outside. The girl had just finished sweeping out her treehouse when she turned to the little boy and said, "Okay, I'm ready. Let's play house. You be the daddy, and I'll be the mommy." The little boy replied, "No, let's play space pirates." He proceeded to zap her with his laser toy accompanied by gruesome sound effects. After that the little girl smiled, thought, and said, "All right, I'll be the mommy and you be the space pirate who protects me from the evil alien." With such a compromise struck, they began a long afternoon of play.

In the same spirit, I do not want to zap our public schools with criticism nor sweep their problems under the carpet. I want to offer an alternative. Some refer to this as the third wave of education reform, but it is actually an evolution of the first two. I am here to talk about how we, business and education together, through solid working

relationships can and must join forces to prepare our nation's youth for the challenges of the 21st century.

While it is the insurance capital of the world, Hartford, Connecticut, is also a unique microcosm of the nation. In the 1970s, insurance, finance, and real estate made up 70 percent of the base economy, and manufacturing made up 30 percent. Today, manufacturing has declined to less than 10 percent, and finance, insurance, and real estate have topped 90 percent.

With this change has come the need for highly skilled white-collar workers, most of whom need at least a high school diploma to fill entry-level jobs. National projections are also Hartford projections. Lower skill jobs are on the way out. Highly skilled jobs demanding more formal education are on the way in.

As the Hartford job market has changed dramatically, so has the city skyline. The Travelers Tower used to be Hartford's tallest building. Now new high rises dwarf the tower, but people still come from miles around to visit the observation deck atop our tower. Last year I took a group of students from a bilingual school near the Travelers to the top of the tower. While looking over the city, one little boy turned to me and asked in Spanish, "Can we see Puerto Rico from here?" Of course, he could not, but we could clearly see that Hartford and its population are changing.

The city is now predominantly black and Hispanic, mainly immigrant Puerto Rican and growing. Unfortunately, within this minority population unemployment runs high, officially 15 percent. Our expanding job market, the financial, insurance, and real estate industry is absorbing more and more of the white educated work force and leaving behind this inner-city minority work force, which traditionally has held the lower skilled manufacturing jobs.

Yet, the Hartford region is lucky. According to a 1987 report entitled "Jobs For Connecticut's Future," the region's population will keep up with the expanding job market. By 1995, both the labor force and the number of jobs will increase by 45,000. Therefore, the dilemma lies not in the numbers but in insuring that those available to work have the skills to fill the available jobs.

This problem is of great concern to the Travelers, as one of the major employers in Hartford. Only 50 percent of Hartford residents have high school diplomas, and only 11 percent have college degrees. Given

these facts, it is clear that, unless something is done to improve the educational attainment of Hartford's population, the skilled labor shortage that we are beginning to feel will grow.

Whose problem is this? Business or education? Last fall I took a group of elementary school students to their weekly tutoring session in the Travelers cafeteria. As we passed through the two-story high mezzanine with escalators, large glass windows, and whispering employees, one little girl turned to me and said, "Who owns all this?" I wanted to tell her that she owned it, that she had as vital a stake in the Travelers as we had in her. Without each other, neither had any future.

It is time to stop asking can business save education or can education save business. The question or actually the imperative is can we save ourselves? Can business and schools work together in an atmosphere of mutual respect to regain our nation's competitiveness?

In Hartford, we think we can. Through both collaborative and individual efforts, the business and education community are working together to take a hard look at the educational achievement level of Hartford's youth. Partnerships, coalitions, alliances, whatever you want to call the relationships between business and schools, have all blossomed in this time of crisis. Many started out as simple adopt-a-school programs and have grown into major school reforms. In one high school, the staff is implementing Ted Sizer's Essential Schools. In a system-wide endeavor involving the corporate community, massive restructuring of middle schools is planned. In another endeavor, business is advising the school system on how to totally revamp and streamline its business education curriculum. In a huge collaborative effort, students are kept in school and offered jobs upon graduation through a joint Chamber of Commerce/Hartford Public Schools Program that can definitely claim a share of the credit for a 3 percent decline in Hartford's dropout rate.

Many have criticized adopt-a-school programs as fluff, as not getting to the heart of necessary education reform. I would contend that, if it were not for such longstanding partnership arrangements in Hartford, we would not be in a position to negotiate the major changes needed today. The relationship has grown between business and education and is now the vehicle that allows us to push forward on major structural reform to improve the quality of the public schools and their graduates.

Now let me tell you how the Travelers is supporting education reform. Briefly, there are five guidelines for our programs and for our work with the Hartford public schools.

The first guideline is early intervention. As William Woodside will argue, especially in an urban, disadvantaged environment, it is critical to intervene early. For this reason, the Travelers Company supports students from the earliest age onward in developing strong basic literacy skills.

In one pilot program called the Hartford Early Learning Partnership, the Travelers is supporting a collaboration of the Hartford public schools and the University of Hartford in an effort to reduce the number of children held back in kindergarten in the city. Currently, over 25 percent of Hartford students are held back each year. Computers are used in this pilot project to help develop motor and cognitive skills. One interesting component of the computers is that they have Muppet keyboards. Whenever I visit the schools, I think frequently that one of those on my desk might make my job a bit more interesting.

The second guideline is basic skill development. As I mentioned, we support this development on strong basic literacy skills from the earliest age onward. In our in-house tutoring program, close to 150 Travelers tutors work with Hartford students in grades three to six to help them to develop strong reading, writing, and math skills. In yet another program called the Children's Caravan, fourth grade students focus on developing critical thinking skills, an essential in our labor market.

The third guideline is targeted efforts. While we have supported reform throughout the public schools, our resources are limited. Thus, we direct our foundation giving to the Hartford public school system and specifically to Buckley High School and the elementary schools that feed into Buckley. Buckley was once our adopted high school. In targeting our resources in this fashion, we are able to gauge the results of experimental or pilot efforts before either the schools or the community make large-scale investments.

The fourth guideline is support for employee involvement. As much as possible, we urge our employees to be involved in helping Hartford youngsters to receive hundreds of employee services, mentors, tutors, Big Brothers, and Big Sisters throughout Hartford as well as the surrounding communities. As former Secretary of Education William Bennett said, successful educational philanthropy is personal.

Children need to meet successful adults who are willing to share the lessons of success, willing to say go this way or go that way. Our release-time program gives employees the opportunity and the mechanism to be involved in this critical way.

The fifth and most important guideline is long-term commitment. We have been formally involved in the partnership with Buckley High School since 1972, but we have been a major employer in Hartford for 125 years. We are in it for the long haul. We have no choice. It is in our interest and in the community's interest to work together to improve the schools.

So where are we going with all of this? How do we continue to build on our strong relationship with the schools and to ensure that graduate skills are improving? We watch the bottom line. We press for accountability. We evaluate every program against pre-set goals, and we do not commit financial or any sort of assistance unless there is a stated tangible reward. In sum, cooperation is the key. Business and schools must work as one.

I recently attended a meeting with the superintendent of schools in Hartford. When the superintendent turned to introduce me, he said, "This is Nancy Van Doren. She works with the school system, but occasionally we let her off to work at the Travelers." It is this sort of relationship, this sort of overlap and collaboration between schools and business, that is critical. If we all work at this, we can and will be assured of a bright and prosperous future for our students.

Guest: I would like to ask a question of Mr. Hume. I work with the Washington Roundtable in our state, and I have listened to the recommendations. I would like to move to the consideration of choice as it relates to private school choice.

Mr. Hume: We felt that at this point going for private school choice would be too much to bite off. We did talk about it. It was fully on the table. But if we can get public school choice, I think we will get private school choice later on, so we wanted to start with public school choice.

Guest: The private schools – and let me speak of parochial schools – have been a very important asset in this country. They are under a lot of pressure. They have suffered from decades of negative public policy, and they are at the point where I think their survival is the issue. So I

can understand the practical choices, but I think the agenda should be a very clear one. Choice is choice, and the parochial private school has the same rights as does another school.

In California, children in the first and second grade in parochial schools were denied crossing guard protection on their way to school because of the so-called separation of church and state. Let us recognize those issues for what they are. They are bigotry, and they are anti-American. So as the agenda is set, let us talk about what has affected education and what is available to our children and make that part of the agenda.

Mr. Hume: I agree with you. I am for the voucher system 100 percent. But the political realities in California are we have to start somewhere else or we will not get anything. So we are going to start with choice.

Guest: I agree with the priority of tactics.

Mr. Hume: Vouchers, in my estimation, are the key to effecting educational reform in this country. But I will tell you, I asked an individual from the Detroit schools at a meeting here in Washington a month ago why his group did not support vouchers. And he said they were afraid because there had been so much bad and misinformed publicity regarding vouchers. If you all want to do something, you can start publicizing why vouchers are best and get that information out.

Mr. Brookes: It is important also to realize that the *Chicago Tribune*, which is by no means a conservative newspaper anymore – it is a fairly moderate centrist newspaper – actually came out at the end of the series on the worst schools in the nation and recommended the voucher as the only solution because its study had perceived that the only schools that were really doing the job were in the private sector.

We are seeing parochial schools turn out kids from the minority communities, supposedly disadvantaged children, who are doing as well or better than the white children in the public school system. In other words, we have really got a problem on our hands. Parochial schools and the private Christian schools and the private nonsectarian schools are turning out better products.

We have on our side on this issue no less a person than John Chubb [Senior Fellow, Brookings Institution], who is on this program later,

who looked at what worked and came to the conclusion that what works is the private school, privately, individually organized, dealing with and responding to a market that pays for its services. He is arguing that vouchers have to be considered. This is Brookings. This is not The Heritage Foundation. I think that is significant. Politically right now, vouchers are a tough sell, but I think we ought to understand that we are winning that battle. In the public campuses, they are waking up to this.

Guest: I have a question on the magnet school concept which the president has endorsed. How is it working out in California, say, at Garfield High where Jaime Escalante teaches?

Mr. Hume: I have a contact with a magnet school in San Francisco called Rooftop. It is working sensationally. The test scores are way up there. The parents are participating. The parents are tuned in. But the headmistress told me, "I have to spend all this year getting rid of a teacher that has been assigned to this school. That is just a disaster....I know it's right. We're going to get rid of her. But she has been assigned to this school." Furthermore, she said, "My math class is at a certain level in terms of capabilities, and the district has forced me to use textbooks which are below the level of my math class. So I'm having to teach down." It would seem that we have to free up individual schools and hold them accountable.

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Panel II

Business and Education — An Abused Partnership?

Mrs. Allen: We are absolutely delighted to have Denis Doyle with us for the second panel. As many of you may know, Denis coauthored *Winning the Brain Race*, with David Kearns, the CEO of Xerox, a new book about the fate of U.S. competitiveness and what we could be doing to improve at the business level.

Denis is currently and will be for five years a senior research fellow at the Hudson Institute. Before that, he was Director of Education and Policy Studies and Human Capital Studies at the American Enterprise Institute, and before that, he was at the Brookings Institution. He also served in the government in the Department of Education in the research office and dealt with the Education Voucher Demonstration Project. So he not only has looked at these education issues as an outsider, he has been on the inside as well. Denis is an authority on education policy and has been a consultant to several policy organizations and businesses. As you know, his op-eds appear regularly in *The Wall Street Journal*, *New York Times*, *Los Angeles Times*, and *Atlantic Monthly*. He also is an expert in terms of what states are doing in education.

Denis Doyle is chairing this panel, and we will be hearing from him after the other two panelists have spoken. Denis Doyle.

Denis Doyle: It is a great pleasure to be with you this morning and to participate in this distinguished panel about what is clearly the most important issue before us as a nation. I cite no less an authority than Peter Drucker, who about most things is right. In 1981, as he looked into the future, Drucker observed that education would be the principal domestic policy issue in the developed democracies in the 1980s and 1990s for one very simple reason: economic survival. Of course, Drucker was right about that.

Our first speaker is Dwight Lee, who is a professor of economics at the University of Georgia, on leave currently at Washington University, where he i the John M. Olin Visiting Professor at the Center for the Study of American Business.

He has written an essay I want to bring to your attention, "U.S. Schools Need a Lesson in Competition," as indeed they do. I will second the motion. Dwight will speak to that and related topics.

My job in meetings of this kind is usually to say something to offend everyone, and I will do the best I can to provoke debate and discussion. I know that Dwight and Herb Walberg, who follows him, will participate also in that task to help stimulate a vigorous interchange. Dwight Lee.

Dwight Lee: Let me start by talking about the question that the conference centers around, "Can business save education?" I do not want to appear to be pessimistic, but instead of giving a "Yes, but" answer to that question, I think I will have to give a "No, but" answer. I am afraid that the answer to can business save education is no, at least until we recognize the public education lobby for what it is, which is as just another special interest. In this case it is a special interest using its political influence very effectively to sacrifice the education of our children in order to protect itself against the discipline of competition.

Unless control over the public schools is somehow removed, taken away from the public education professionals, no one is going to save U.S. education. The relevant question will not be "Can business save education?" but the relevant question will be "How are we going to save business?" If American business is to compete successfully in the world economy, it must be prepared to produce higher quality products and produce those products at lower cost. Obviously.

What is also becoming obvious is that U.S. businesses are facing a major handicap in this regard. Business's most important productive input is being produced by an industry that fails miserably in international competition, and that industry, of course, is our public education system. Business needs well-educated workers, and our public school systems are simply failing to provide those workers. They are not supplying those workers. International comparisons are very clear in this. In achievement test after achievement test and study after study, U.S. students rank at or near the bottom.

My guess is, if you ask most U.S. students what a light year is, they would probably think a minute and say, "Well, it's just like any other year, only fewer calories." And if you talk about Sherlock Holmes, they probably think you are referring to a subdivision.

As a result, more and more firms are finding it necessary to provide remedial training for their employees, just to get them up to par in the basics, just to get them employable. They are having to hire them and then educate them. They had already paid for that through their taxes, but now they are having to pay again after they are employed because the public school system is not doing the job.

The Conference Board, a Washington, D.C.-based educational research group, recently reported that U.S. business leaders see reform in public education as crucial to the competitiveness of our economy. That is the way business leaders feel, and more and more businesses are pushing for an educational reform. But meaningful reform will not be achieved by tinkering around the edges of the existing public school system.

Bureaucratically controlled merit pay schemes just are not going to do the job. Teacher testing programs are not going to do the job. Teacher of the Year Awards – I am not opposed to these things, but we cannot depend on them. I do not want to be so naive as to think that such tinkering is going to do the job.

Again, I am not opposed to forging business and public school partnerships where businesses adopt a school and buy them a little equipment. That is fine. I am not opposed to that. But let us not think that is going to do the job. It is not going to do the job at all. It might help, but it leaves the core of the problem unresolved.

C. Ronald Kimberling, in The Heritage Foundation's *Mandate for Leadership III*, uses the word tinkering, too. Given the poor state of American education, he says, the new administration must seek a complete restructuring of the American educational system. Tinkering will not work. Fundamental reform is necessary, and fundamental reform requires nothing less than deregulating our public schools from political control and subjecting them to the competition of the marketplace.

Everyone knows that the incentives and discipline imposed by market competition are essential for the efficiency of business enterprise in the U.S. Those incentives and that discipline are no less

essential to efficient education in this country. Genuine competition and education require something actually very simple – merely giving parents a choice as to where their children attend schools.

Now, at least in some jurisdictions, we have seen some hopeful changes in this, but still in this country parents are predominantly in the situation that, if they are not satisfied with the local public school, their only choice is to pay for a private school while continuing to pay through their taxes for the public school that they have rejected.

Most parents cannot afford this option. So local public schools can, and indeed do, treat their students as captive clients. The public school that provides lower educational quality at a higher cost will not be penalized with fewer customers or smaller budgets. Indeed, it appears that exactly the opposite is true. Poor performance provides the justification for bigger budgets.

The public school systems made out amazingly well as a result of the Department of Education's *Nation at Risk* report. Highlight their failure, and they win. They continue, however, to provide lower educational quality at higher prices. If American businesses faced no more competition than our public schools do, I can assure you that the U.S. economy would be the same basket case that public education is

Imagine for a moment just how inefficient the U.S. automobile industry would be if somehow the automobile manufacturers in this country convinced government to give each of them a public school type monopoly in specified regions of the country. For example, you were a Virginia resident, you would have to buy a new Buick. At least you would have to have to pay for a new Buick every three years through your taxes. Now, you could go out and buy any car you wanted with your additional money, but you would still have to pay your Buick tax, and that tax would go to the Buick dealership whether you took the car or not. My guess is that no one doubts whatsoever that, under such an arrangement, the domestic auto manufacturers in this country would provide us with inferior cars at inflated cost.

Let me ask, if we had this arrangement, does anyone really believe that, if we just had each state grant an automobile worker of the year award, it would make any difference? Imagine if we had the state administer an automobile worker's test every once in a while and then grant exceptions if they failed. Do you think that would make any difference? Or having the federal government or the state government

form a partnership with an automobile industry – "adopt a company?" Would that make any difference?

It might be nice. I think it might make people feel good, but it would not fundamentally alter the incentives that would lead to the inefficiencies, in my example, of the automobile industry. So there is no reason that I can think of to expect anything other than inferior education at inflated cost as long as our public schools continue to be protected against genuine competition.

I am not talking about the political reality here, for I am very sympathetic to the problem that Jerry Hume talked about in the earlier session. But the fact is the simplest way of facing the political reality of imposing real competition in publicly financed education is to let parents choose any school they want for their children and then fund the schools on the basis of how successful they are in attracting students.

The most effective way of doing that is with the voucher approach. Parents would obviously be in a position to reward those schools that are performing well and to escape, not only escape with their children but escape with their money, those that are not. Each school either would provide productive quality education and do so efficiently, or it would go out of business.

The advantages of privatizing the public school system are not based on idle speculation. Study after study has shown that private school students outperform public school students, and that is after you control for the whole array of other factors that influence how well students do in school.

Private schools not only outperform public schools, but they do so at far less cost. One careful comparison study said that it cost about 1.9 times more to educate the students in the public schools than in the private school system in Chicago. To do a worse job in Chicago, the public schools have 2.5 times as many students as do the Catholic schools in Chicago, and they manage to get by with just barely or about 100 times as many administrators as do the Catholic schools. If the Chicago public school system were a publicly held corporation in the private sector, does anyone doubt that it would long ago have benefited from a hostile takeover?

I can imagine a proliferation of hostile takeovers where we really need them, in our school system, and I can guarantee you there would

be some down-sizing going on. If we assume that, it is only 1.5 times more costly to educate a student in the public schools than in the private schools. In 1986-1987, U.S. public schools K through 12 spent a little over $150 billion. If through competition we could get the public schools to operate as efficiently as the private schools, we would save $50 billion a year. Plus we would get better education and a far better educated work force.

Now we all know that the standard view is that we have to spend more to improve educational quality. The National Education Association has told us that many, many times. But the only reform that will improve educational quality in this country will require less, not more, expenditure. There is absolutely no doubt. I do not think anyone seriously doubts that competition in education is good for education consumers. It is good for business and, of course, it is good for the country. But not surprisingly, the public education unions oppose any move toward real competition such as the voucher approach. Their view, their stated view is that a voucher system would be a threat to quality education provided by the public school system.

Well, I think we should be honest here. Vouchers are a threat. They are a serious threat, but they are not a threat to quality education. A voucher approach is a serious threat to mediocre schools and the high-cost, low-quality education that they provide. And I say it is far better to threaten mediocre public schools than to let mediocre public schools continue to threaten our students and the ability of our economy to compete. The American economy cannot be fully competitive in the world community unless our schools are fully competitive in their local communities.

Mr. Doyle: Our next speaker is Herb Walberg, who really needs no introduction. I do want to note, though, that he is a product of the University of Chicago and teaches at the University of Illinois, Chicago Circle Campus. On that short trip between those two institutions, Herb has had the chance to write 30 books, 67 book chapters, four encyclopedia articles, 23 pamphlets, and over 300 research reports. His curriculum vitae itself would make a very nice little monograph. Herb Walberg.

Herb Walberg: I want to congratulate The Heritage Foundation and Jeanne Allen for putting this conference together. It was important just now because we are now ending the first wave of educational reform which, if nothing else, got the public's attention on education as a serious matter that has a lot to do with the future of our country. Now we are on what might be called the second wave where we really have to have some substantial reforms, restructuring, more radical sorts of things than we have had in the past. To begin with, I think that business education partnerships, adopt-a-school, many of the other things that have happened and earned publicity for schools are fine – I am not against them at all But we have to go further in the future than we have done so far.

A Nation at Risk certainly was the most (and may turn out to be a century from now) important report that we have seen in the whole education reform movement, perhaps the most important education book of the century. The National Commission on Excellence in Education alerted our country. It was well known to scholars, but the public and business did not know how really terrible our scores had been until the report came out.

It was based upon data that had been collected as far back as 1966. Subsequent reports have not only confirmed our very poor standing with respect to economic competitors in Europe, Japan, and other countries, but the actual, most recent scores have even put us last, in many comparisons only above Third World countries like Thailand, Swaziland, and Nigeria.

So there is no question that the most important – to use the business term – the bottom line is educational achievement. This is what we are really concerned about.

A Nation at Risk went to 600,000 people around the country, and today, as evidence of further public interest, we have Allan Bloom's book, *The Closing of the American Mind*, about higher education and E. B. Hirsch's *Cultural Literacy.* Many of these books have argued, and I think quite persuasively, that we need a more fundamental approach to restructuring of basic curriculum and doing well in the serious traditional subjects, English, foreign languages, mathematics, science, civics, history, geography, music, art, physical education, or health If we could do a good job at those basic subjects, we could do wonders.

If the schools could concentrate on the one thing they do well, it would be a great thing for our country.

Denis Doyle's great new book, *Winning the Brain Race*, not only tells about the problems but about a number of solutions. I hope that Denis will be telling us a few things about it. As an additional indication of this great public interest, there is the Bill Bennett and Chester Finn *What Works* series. This actually tells people that some of the reforms that we need are not great mysteries. Homework works, effective teaching practices, basic curricula. These are not great mysteries. We have had lots and lots of research on them. What we have not had before *What Works* is the compilation of these things in plain English and concise terms. Some 1.2 million copies of *What Works* went out to citizens, parents, teachers, and others, and it really does say, "Here are a great number of things that you can do."

By the way, *What Works* does not include educational expenditures. The total spending per student, reduced class sizes, increased salaries for teachers show very little linkage with improved performance. So I think the role of business in much of this is to look at what students should be good at, which turns out to be productivity, performance, and the bottom line.

We have had a great number of constructive education reforms, and many of them have come from our state legislatures. As Denis has pointed out previously, the state legislatures are really calling the shots these days. The part of the country that has been the most creative thus far has been the southern states, directed by the Southern Region Education Board. They enacted a number of policies, and I do not mean to say that have all been good, but no pass, no play. Their efforts include a solid curriculum, attempts to extend the school year, and things of that nature.

But school reform has to go even further than that. Perhaps I might be qualified to say this, coming from Chicago and having been involved with the Chicago public schools both as a student and then working with Chicago United [Chicago business group] since about 1950, which is quite a long time.

I think Secretary of Education Willim Bennett did great things for Chicago when he characterized the school system as the worst in the country. I am very indebted to Secretary Bennett for that because it

really helped us by telling the public how desperately we needed to reform education.

The business community had been very much concerned during the twenty year period that I had met with them about attracting new employees to the city, especially executives who did not want to put their children in the schools. And the quality of the work force, on which I did a number of studies, interviewing personnel officers in the major corporations and the small businesses, all of which indicated that the products of the public schools were not employable.

We continue to have scandals even after all of this. Our reform, having passed the legislation, is finally about to start. The front page of yesterday's *Chicago Tribune* disclosed that Donald Sparks, head of transportation for the Chicago public schools, has been accepting a mere $100,000 a year in bribes to authorize payments for nonexistent busing services for 45,000 children. His budget is $700 million a year. Now maybe that is not a lot of money, but when you are interested in educational reform, it is something that has to be taken seriously. Perhaps this is good old wholesome Chicago graft and corruption, and as we are the second or third city in the U.S., I should be glad that at least we do not have cocaine selling by principals as New York has.

We have heard a lot in Chicago about how wonderful this compact has been, but the Boston Private Industry Council has said that they are going to withdraw from the Boston Compact. Many of these approaches have taken the notion of adopt-a-school. In my opinion, what they have amounted to is coopt a business.

In fact, over the years Chicago and many business communities have attempted to do this, but I believe that the boards of education and bureaucracies and the schools are extremely sophisticated in accepting not only vast amounts of public funds in the form of taxes, and particularly in the last ten years a lot more money has been given to schools, but they have also been assimilating private contributions and services, and the city really is not getting its money's worth.

So they have absorbed all of the funds and all of the services and all of the voluntary contributions that have been made, and some constructive things have happened, but now we have to go on to the next step.

As you have seen from many reports including some that have recently come out in the last few weeks, our nation is literally at risk. It

is not just the disadvantaged or the so-called at-risk students. If we compare our average students to those in other countries around the world, they have done very poorly.

Another comparison is very revealing. If you look at *What Works* on page 28, you will see that of the best and brightest, the top 5 percent, at 12th grade level, in algebra and calculus the U.S. was dead last. So it is not as if our superior students are doing well. We have to be concerned about our total system. And that is another reason why we need these more substantial reforms.

American businesses have looked at Japan for the managerial practices. We also ought to look to Japan for the educational practices. Whereas we have nearly always scored at the bottom or near the bottom, Japan nearly always scores at the top. Not only did they have the highest scores, by the way, unlike Europe and the United States, but they also have the most vast mass education system in the world of the developed countries. Ninety-six percent of the students graduate from high school. The U.S. is second. We graduate approximately 76 percent. Europe does not do as well. You could say that Europe has an elite system. We have a mass system. Japan has a mass elite system. They take the maximum number of students to the furthest possible point.

I do not mean to say that we could just adopt these practices here, but I think we have to look at the international competition. We would see that some of the very things that were recommended in *What Works* are practiced in Japan.

We can go back to Plato and Aristotle to know that practice makes perfect. One of the most important ingredients in learning is time. The more time you spend studying something, the more likely you are to learn it. But the United States with 180 days per school year is less than Europe and far less than Japan, which has 240 days a year. Japanese students go to school on Saturdays from 9 a.m. to 1 p.m. They have a very short summer vacation, and there are other things that could be practiced in the U.S.

It is not our inherent culture that says our students could not go to school more days. In fact, it is an accident of being an agrarian society that we have such a long summer vacation. Students had to go out and help in the fields. But obviously this is not necessary now, and we need to spend more time training for modern times. Japan has a national

curriculum, with a set list of basic subjects, including Japanese, English, and other foreign languages. If a student moves from Kyoto to Sendai to Tokyo, he can count on not having to get used to another curriculum, a different way of teaching, and so on.

I think many of our states are moving in this direction. As you know, we have the National Assessment of Educational Progress in the United States, and it has now moved toward what some people have called the national school board. It has been mandated by the Congress to set goals and standards for American education. This is controversial. It moves in a direction that we have not seen in the past, but it may in fact grow to resemble the British system, which was a country that was once the workshop of the world, when the sun never set on the British Empire. Under Margaret Thatcher a similar reform plan has begun that is in fact a national curriculum.

Something like 70 to 80 percent of the subject matter in the basic subjects is mandated, but the schools will be allowed to add to the curriculum, and there will also be a large incorporation of choice, including allowing schools to opt out of the inter-London educational authority and other large city systems; allowing students to go to other schools than their neighborhood schools; and as in much of Europe and in Japan, students will be able to enter private schools, and national funds will be given to the private schools. It is essentially a noncontroversial subject. We need to look to other countries and more radical forms of legislation than we have at in the past.

Not only do Japanese children have a longer school year, but they have private tutoring schools after school, so-called Juko, for preparation for examinations. They also have extracurricular subjects such as flower arrangement, piano, martial arts, and other sorts of things, and this is totally in the private sector. The schools, in order to survive, have to compete for students.

Japanese students also have extremely strong parental involvement. The key, in my opinion, to much of their enormous success is that the parents have a greater role in choosing the school for their children to go to, but the parents are very much involved in the schools. This is not necessarily radical in the American tradition either. In fact, we used to do this in years past.

Parents visited schools. They were in the schools from time to time. The teacher invited them in to see what the lessons were like. Teachers

also had dinner with the families. And as it was in U.S. schools, there is an extremely close relationship in Japan between the two chief agents of education, the parents and the teacher. Together they design the child's program and have an extraordinarily effective system. It might be difficult to incorporate all of these features, but I do think that we have to look at what the competition is like.

Adopt-a-school partnerships loan executives for special projects. Special study groups have had some good effects. I think they have had these in Chicago in the last twenty years. But now we are going toward the more radical alternatives in which we are going to see choice and strong accountability, and I think choice eventually will be opened to the private sector. I would also like to say that, as a shareholder in American firms, a very small one, I wonder sometimes if the money invested by corporations into the school system is contributing to the cost of the system. It is producing action. If it is not getting better returns, it actually could be causing less productivity.

If you raise taxes, if you give your executive time-release things, if you contribute in the various ways that we have seen so far, you are using the shareholders' funds. You are denying the shareholders, number one, the opportunity to make their own voluntary contributions to charitable activities and to contribute to what they may think is a more direct contribution, even to local schools. I wonder about that, and I also wonder about whether businesses can be completely objective in looking at the bottom line if they are part of the problem. That is to say, if they are coopted by schools, will they have the distance as consumers in the marketplace to take an objective look and to see whether they are getting a good return on money.

Concerning investments and whether the public schools are really contributing to increasing the productivity of education, we have a lot of knowledge of how to accomplish that, but it is not being put to work.

We need restructuring of the public system and choice systems and accountability systems to make sure that we are getting our money's worth. Legislation should insist upon hard accountability and choice to produce the best returns.

Schools can become less productive when they lack clear goals. They should be limiting themselves to the plausible and the feasible. What we are asking them to do is to promote learning. They should not take on the job of vaccinating children as they do in Chicago, providing

psychological counseling, aiding distressed families, and planning the future. If they would just teach the basic subjects extremely well, that would be a magnificent contribution In fact, for many disadvantaged and urban students, it is the only opportunity because they do not have it in their families. If the schools do these other things and therefore do a poor job at their basic purpose, it is destructive of the progress of American society. Concentrating and doing a few things well rather than being diverted to many other sorts of things would be a real step in the right direction.

I want to say a few things about the Chicago reform plan. My colleague from Chicago United who has really been working on it can tell you a great deal about the reform itself, and certainly a great number of other states and cities around the country are looking at Chicago.

There are 50 copies of this book that I wrote with a couple of other people in the lobby. I can advocate this book since I do not get any royalties. It is called "We Can Rescue Our Children" and describes a number of points that work, in the extraordinary effectiveness of the parochial archdiocesan schools in Chicago, the Lutheran, Greek Orthodox, and Jewish schools in the private sector. I advocate them not for any religious motives but simply because the competition that they have to face in the private marketplace to attract students makes them somewhat more beholden than the public sector does.

They get higher levels of achievement even when you equate for socioeconomic status. The archdiocesan schools, which are by far the largest of the private sector in Chicago, are actually able to attract many black Baptists who make some compromise with their religious ideals to send their children to the parochial schools. And they can provide these superior services for as little as one-half or one-third of the cost.

We do have an extraordinary reform package in Chicago. It has not [illegible]ut in place yet, and I am concerned about the implementation. It is going to take a great deal of the money from the large central office and devolve both money and authority not to intermediate level of bureaucracy but to the local school council.

There will be eleven members, six of whom are parents, you might say consumers. Two of them will be citizens who live in the community, and there will be a couple of teachers and a principal. They will have very strong authority. It is not going to be like a PTA that does cookie

sales to raise money. It will monitor the principal, who can be removed, on a three-year performance contract. And in this tough union town, a teacher may be removed after 45 days of nonimprovement.

The council will be looking at substantial changes in the curriculum, an organized plan for improving the schools. It is developing from what was probably one of the strongest top-down systems to almost the New England country school where the parents and the teachers work together.

Hopefully, this program will involve a great deal of parental input but also cooperation between teachers and parents because the parents in the neighborhood will be very much in the school, and the teachers and principal will be accountable to them.

Also, it will give teachers some role in decision making. Instead of having directions come from the top, they will have what might be called a greater degree of professional autonomy or empowerment. Al Shanker talks about empowerment of teachers as real professionals, so they will have some role in determining what goes on in the school.

The one place that we did not get anywhere with was the real estate rebate, which allowed parents to contribute the amount of their real estate taxes or a proportionate share of their rents on apartments to the Chicago public schools or to private schools.

Apparently this was constitutionally acceptable. Businesses could pay their real estate taxes to private schools or independent schools. They might even start their own schools so that they could contribute a substantial share to the private sector schools to encourage further competition. Part of the motivation for this is to help the private sector because we have many fine private schools that simply cannot survive on the money they get, but partly the idea was to emphasize competition so the schools in the public sector would improve as well.

We did not get very far with that at all, but we are still going to be trying. We need greater accountability in the whole state and more choice as Minnesota has. And I think we ought to be looking wherever there has been some extraordinarily good success with privatizing. It is not the question of whether we should have private schools, public moneys for private schools, but it is the strategies that have to be worked out to make it feasible.

Mr. Doyle: As a Chicago public school product, I am moved to comment on Chicago very briefly. I think fondly of Chicago and particularly the politician who said that when he died he hoped to die in Chicago so he could remain active in politics.

On a more serious note, I think it is of some consequence, that while 22 percent of all Chicagoans send their children to private school, 46 percent of all Chicago public schoolteachers send their children to private school. Now it is tempting to think that they are hypocrites. I would rather think that they are, in fact, discerning consumers, and what is good enough for them should be good enough for all Chicagoans, who I hope would see the same m. ral in that example, although the national education groups are unlikely to.

Let me say one thing about t'e Japanese as well, which is extraordinarily important and has a direct bearing on the most recent revelations about our dismal showings in science and math education. When the Gallup organizatic. goes to Japan and asks the stock question that is asked here — "What accounts for academic achievement?" — the Japanese respondent gives a very different answer. The American respondent will say, "Ability, natural ability, talent." The Japanese parent will say, "Effort."

That is an extraordinary cult .l difference, and it is also an extraordinary commentary on the importance of effort both on the part of teachers and of students. It goes a very long way to explaining the dismal showing in science and mathematics that has been alluded to and what you have read about in the newspapers, and I think it may in fact break a logjam in America to think about this.

The notion is that mathematics and science are hard except for those who are prodigies, and I do not count myself one — I found mathematics and science tough going but very satisfying going, and I think that is true with most students who find them difficult and demanding and gratifying, once they have mastered them.

But it is not simply a matter of either getting it or not getting it and then giving up if you do not get it. Too many of us in this country are prepared to say, even in public, I have no aptitude for mathematics, I have no aptitude for science That is someone else's activity, someone else's effort.

If we can get across the message loud and clear that effort counts, effort makes a difference, time makes a difference, that will be an extraordinary step forward

You will remember Secretary Bennett had a goal of three Cs, choice, character, and content. My co-author, Marshall Levine, and I beat him to the punch with three Cs of our own about a year ago before that. These were specific Cs for the business community. We called them communication, cooperation, and collaboration. I am thinking about a third wave of educational reform, the first wave being communication, which I would call the feel-good stage. It is important, it is necessary. If that is all that you do, it is not worth doing, but if that is your first step, it is very well worth doing, that is, to find out what schools are about.

No two groups of Americans know less about each other than business leaders and educators, and simply sitting down and talking is an important valuable first step. That is, I would suggest, the first wave. That was the *Nation at Risk* wave. We have begun to think about what our schools are doing or, perhaps more to the point, not doing, and finding out what it is that is important to do.

The second wave is well established across the country, and that is a wave of cooperation as distinct from the feel-good first stage. I would characterize that as the do-good second stage; again, a useful, interesting, and in some cases profitable thing to do intellectually and academically. Schools and businesses have cooperated and learned to work with each other in such simple things as adopt-a-school and more complex things like release time for employees and more complex things like going to your state capital and lobbying on behalf of major school reform and restructuring.

That introduces the third wave of collaboration, which is where mature partnerships should exist. We should all remind ourselves that partnerships are relationships in which both parties have something to gain, both parties have something to lose. These are not philanthropic ventures or charitable activities. They are not feel-good ventures. In fact, partnerships should be hard-headed, tough-minded. It is in this setting that the business community should begin to establish its quid pro quo for support for school reform and support for school funding, and it should lay down a set of precepts which are quite natural to business leaders, quite unnatural to educators. This is the kind of

relationship associated with the vigorous free market economy, choice, diversity, and perhaps most important, standards to be set, to be met, and to be measured, and of course, markets themselves.

The most important aspect of the market, of course, is not just that it provides diversity and choice, but that it is the most efficient signaling system man has ever devised to relay information about what is going right and what is going wrong. If kids do not show up at your school in a market environment, you know you are doing something very wrong. If you have your wits about you, you begin to do something right. Otherwise, you close your doors.

In fact, it is Joseph Schumpeter's greatest insight, probably, into the history of capitalism that capitalism's greatest contribution is not, as you might guess, competition but rather its capacity to engage in creative destruction, one of the few social systems ever devised in which destruction is systematic and organized.

By the nature of the market, inappropriate organizational reforms wither and disappear. Unlike managed economies where they get bigger and worse, inefficient and inappropriate providers in private market economies either change the way of doing things or they mercifully go away.

That, of course, does not happen in monopolies. It does not happen in our public schools, and we are stuck with the extraordinary vision, nightmare vision I would suggest, of the people who need good education most. In the city, the youngsters in Anacostia and other impoverished parts of the city are least able to get access to it.

Too often, poor black youngsters from broken homes, housing projects, disorganized lives, the kids that we need for the economy of tomorrow, have no access or virtually no access to quality education. Those of us who need it least, as it were, have relatively easy access to fairly high quality education. And it is not just a matter of disadvantaged youngsters. It is a matter for youngsters across the board. Certainly all of the kids play within the 20-yard lines, all normal, healthy kids. Too little is expected of them, and as a consequence, too little is delivered, and we simply will not make it in the 21st century unless we significantly increase our standards.

There is a canard making the rounds that there is a shortage of science and mathematics teachers. There is indeed a shortage but not a shortage of science and mathematics teachers. There is a shortage of

intelligence and good will on the part of hiring authorities as they think about how they would attract competent men and women to teach for the salaries and benefit packages and working conditions that schools offer.

There is, in fact, as all businessmen know, a clearing price at which the market will clear, at which you can in fact attract competent highly qualified men and women into our schools to teach science and mathematics, and that is going to require some major changes. It is going to require doing away with the old uniform salary schedule, which was in its day a major reform.

You may remember, at least if you look back in the history books, once upon a time it was the practice in this country to pay black teachers less than white teachers, female teachers less than male teachers, elementary school teachers less than high school teachers, and certainly rural teachers less than urban teachers. The uniform salary schedule was a much needed reform to remedy that particular set of injustices, but it has outlived its usefulness.

We now have a salary schedule in which all teachers are paid basically the same, regardless of content, competence, or capacity, and we have shortages in certain areas because we fail to pay market wages and we fail to offer the kinds of working conditions and benefit packages that will give a scientist or a mathematician a sense of efficacy, a sense of professional satisfaction in the classroom.

The way to get that sense of efficacy and professional satisfaction, of course, is to be able to do your job right and be able to teach what you think is important. It does in fact involve pedagogy, knowing how to teach, but it also involves knowing what it is you are going to teach.

That is why Jaime Escalante was so extraordinarily successful – he was able to combine both very powerfully. There was a scene in the movie – if you have not seen it, it is worth your time, I assure you – a marvelous scene in which Escalante, talking to a group of kids from southern California, needs a metaphor, and he is talking about taking sand by the bucket out of the beach – and every kid in southern California knows about sand and beaches, I can assure you – in trying to explain negative numbers.

You take two buckets of sand out, and you put them in a little pile and you have a plus two, and what do you have where you have taken the sand from? You have negative two, and they understand that. Then

he asks them what happens when you recombine it and the hole is filled, and one of the toughest kids in the class – and it is not clear that he means this as a serious answer – says zero. Escalante says that is right, you have it.

And he said, do you know that your ancestors, the Mayans, knew about the concept of zero before the Greeks did? That is a manageable combination of pedagogy and content with knowledge and ability, being able to marshal the intellectual resources to bring these kids along to expect things of themselves that they did not expect, and certainly that no school in southern California had ever expected of these youngsters. It is a commentary on the importance of effort and high standards on the part of teachers and students, and I think that that message is an important one to keep before us.

Now I would suggest to you that the role of the business community must be to go to state capitals, and in this third wave, to go to school boards and school committees to lobby effectively on behalf of meaningful reform – principally the kinds of things that business is good at and that business knows a lot about, compensation, motivation, incentives, rewards, performance standards, performance measurement, choice, competition, and diversity. If we fail to do this, the schools will only continue to lag behind and get worse.

I want to close by putting to rest one other canard. There has been a longstanding set of accusations in this country about the role of business. Principally, the accusation is made that all business wants is little trained automatons, a docile work force, people who are vocationally educated, who turn to the engine of production whether it is a service or a goods economy.

I think it was Cardinal Newman writing 150 years ago on the uses of the university who observed that the only truly vocational education is a liberal education, and that has never been more true than today.

The fact is that the business community needs and wants youngsters and adults who are broadly and deeply educated in the core curriculum, people who can think, who can communicate, who can compute, who can solve problems, who can ask questions, who can do the kinds of things that we associate with good core curriculum and a good liberal education, the purpose of which of course is to suit men and women to lead lives of afforded liberty.

And so I think the old canard, the old assertion that business has tainted interest, that the business community is concerned about the wrong things in education, that all it cares about is vocational preparation, is, if it were ever true, certainly no longer true today. The needs of the modern economy are perhaps for the first time in history consistent with and congruent with the intellectual and academic needs and demands of a liberal education.

Guest: First, I come from Chicago. I work for the Amoco Corporation. I have been involved with reform in Chicago for the past three years. We hear about the portentous shortfall of workers in the business sector, and so that is why business should be deeply involved. There are also statistics that suggest that half of the teaching work force will disappear by the year 2000.

My experience has been that I have not seen teachers at the university level appear as a lobbying group on behalf of better secondary and elementary education. They have as consultants. But as one professor said to me, "Don't drop the dropout problem at the university level. That's your problem." But if we do not have enough educators, we are going to have problems. I would like to hear what your comments might be.

Mr. Lee: I assume you are talking about the responsibility of departments of education in the universities and colleges. My general perspective on this is that a lot of the resistance to competition in the public school system comes from departments of education. In a system where the parents were in charge, and the schools were responsive to those parents, they would insist on teachers that could do more than just recite a bunch of methods approaches. They would insist upon teachers being well trained in content and substance, and that would put pressure right back on the departments of education.

Mr. Walberg: In the first place, just because corporations are giving a lot of money to institutions does not necessarily mean they are for the free market. I think that those ideas are very rare in schools of education. For example, I consider myself somewhat different than many of my colleagues at the University of Illinois and many other institutions and that is why I keep my head down.

But I think that you would find a lot of variety. Some of the universities and particularly departments of education adhere to the old system. They have come up through the elementary and public schools. They have trained teachers. They have invested intellectually and in some cases economically in doing things in the way they have been done for nearly a century. They are not really open-minded about using computers in education, new managerial techniques, school site management, teacher empowerment, even choice in education.

So I think you are facing very difficult matters, but there are universities that are engaged in the public schools. For example, Boston University is negotiating with the Chelsea public schools in a very bold experiment to take over those schools.

At the University of Illinois in Chicago, under grants from the community trust, we have a radical education reform movement, and parents are going to play a big role in governing the school. They have to be trained to do this. And so the universities are participating to some extent in helping to develop materials and instructional procedures to help out with this.

I think some universities and some individuals but basically professors are entrepreneurs. They go their own way. It is very hard for a university president to say I am going to commit my whole institution. It is a serious problem. Maybe it is a question of incentives, but if they were rewarded for doing this, you might see a lot more cooperation.

Mr. Doyle: The comment is quite on target. It is a very serious problem. If an institution does not honor teaching, it sends a very strong message to prospective teachers and the students generally. The American university college community has been singularly lacking in enthusiasm and responsiveness to this problem.

David Kearns, my co-author who runs a major corporation, does not have as much time to come to meetings as I do, and so we have tried to budget his time as productively as possible, and we have developed this seminar series for him in which he will go to six or eight major universities in this country subject to one condition – that the university that sponsors a speech will also be sure that it is strongly sponsored by the school of business, the school of education, and the school of public policy. In many settings, this will be the first time those three schools have ever gathered in the same room.

Guest: What has been your experience with other public interest groups, particularly the NAACP or the Urban Coalition in helping you stimulate the effort and improvement of minorities? Are they supportive? Are they supportive of the educational lobbying system? What is your experience?

Mr. Walberg: In Chicago, the business community took the leadership, and it was Chicago United, which is composed of about fifteen of the largest corporations headquartered in Chicago plus about fifteen of the largest minority-owned firms, of which Chicago has plenty We have Johnson Publishing, which publishes *Ebony* and *Jet*, for example, and many other minority-owned firms.

In addition to that, there were civic groups There was SPIRA, the NAACP, the Urban League, and many smaller more local community agencies. And thanks to Bill Bennett who identified Chicago as the worst system in the country, we probably have the most extraordinary legislation.

As for the universities, I tried to do my small role to get intellectual credibility by writing a book on why and what the facts were, what was the history of urban education, and why the archdiocesan schools and other Catholic schools and private schools did so well with so much less funding

It took a lot of effort by a lot of institutions at an extraordinary cost of endless meetings But basically the whole Chicago community got together, and the business interest was, number one, because of the problem in recruiting executives to Chicago in view of the poor school system, but second, the need for employable employees.

When you put all those groups together, all totally outraged and fired up by Bill Bennett's remarks, we were able to get the legislation. Of course, we face the implementation problem, and I hope it we can do well at that I hope it will survive.

Mr. Doyle: On a local level, a number of these groups have been very powerful In Prince George's County, just across the District line, for example, the NAACP, while not a leader in the reform initiative, cooperated fully and effectively in what is perhaps the most dramatic large-scale example of magnet schools in the country Here, they are

using choice effectively to bring about racial integration and racial harmony, a very welcome development

But the most important factors, if you were to single out a single group, would be state governors. You will remember that one governor, Lester Maddox, lamented that he could not improve his prisons till he got a better class of prisoner. Well, the fact is that we have a much better class of governor now. Now the list is long, it is illustrative. Tom Kean in New Jersey, Richard Riley in South Carolina who recently stepped down, Jim Hunt former governor of North Carolina, Lamar Alexander former governor of Tennessee, Bill Clinton in Arkansas, an extraordinary group of very gifted men who have provided real leadership in education reform, and that pace will continue

Mr. Walberg: I would say one state to look at is New Jersey under Governor Kean. Commissioner of Education Saul Cooperman tried to get the universities to offer innovative training programs for teachers, and they could not get much cooperation from the colleges and universities even with bribes, saying we will give you $250,000 if you train 1,000 teachers to do this.

So Saul Cooperman, one of the most creative commissioners in this country, said we are going to set up academies for principals and teachers around the state. If the universities cannot provide them, then we will provide either state staff or even better, in my opinion, private entrepreneurial firms doing some of these things.

He also has said we are not going to require all of these pedagogical courses. We want people with good science and math backgrounds, with liberal arts studies, and we can induct them into teaching. If there is a shortage of such teachers, we can give them some training in two to three months in some of the pedagogical techniques rather than this whole panoply of bureaucratic certification procedures that takes years. So again the private sector might be a very good answer to some of the problems of higher education as well as the schools.

Guest: I would like to hear the panel's comments on the impact of busing for integration, and two, on the effect of the flight to the suburbs for quality education – the racial overtones of these two factors

Mr. Lee: My general feeling is that parents want a good education for their children. Any racial feelings they have are very, very minor

compared to their desire for good educations. My guess is that you would not have this flight to the suburbs under competition because the schools in the inner cities would vastly improve. I would see competition among the schools alleviating many of the problems that busing has been unsuccessful at solving.

Mr. Walberg: A couple of points. One is we should recognize that magnet schools grew out of desegregation. They were to promote choice. Schools had been under court orders in many instances. You have to live over here, and you a e going to go to school over there imposed an arbitrary quota. But if you said you, being a black student, can go to school over here at your choice, it was a much more voluntary, noncoercive, nonmandatory system.

Many court cases have been decided in recent years. St Louis, Kansas City, Norfolk, Virginia, and several other places have incorporated choice systems including choices within a city like St. Louis or Kansas City and also crossing district lines. Kansas City and St. Louis students can go to suburban school districts for specialized programs, and suburban students can go to other places. This has been the new sort of solution to these problems. It is how magnet schools really originated, and now we are picking it up or saying why should we not have this for all students.

Under the Chicago plan, although it is not necessarily a desegregation plan, if desegregation were an issue, such plans could be designed. I mean, there are many types of choice systems, and one way to do it is to have certain kinds of quotas so that you can be sure not to violate any court orders.

The really critical matter in my opinion is not so much white and black but consumers versus producers in this system, including the system in Chicago. If there is a black neighborhood, it will be the black parents who can determine what the school is going to be like, and so it is in some sense empowering the people in the neighborhoods to have the kinds of schools and the kinds of programs and cur icula that they wish for their schools.

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Panel III

Building Community Alliances – A Neighborhood Perspective

Mrs. Allen: Robert Woodson is president of the National Center for Neighborhood Enterprise. You might also have heard his name in connection with enterprise zones or empowering the underclass.

He has worked for a very long time in cities all over the country for the rights of our increasingly larger underclass, people that we have to empower, give rights to, give vouchers to in terms of public housing, and most notably, education. He has worked for the Council for Black Economic Agenda, has been resident fellow and director of the American Enterprise Institute's Neighborhood Revitalization Project, and has directed the National Urban League's Adminstration of Justice Division.

He has written editorials for many newspapers and the books *Youth and Crime, A View From the Inner City* and *On the Road to Economic Freedom, An Agenda for Black Progress*, which he edited in 1987. Bob Woodson.

Robert Woodson: I have been introduced many ways, but the characterization I love best is as a bleeding heart conservative. It is truly a pleasure to introduce three people to talk about something that is near and dear to me, an overlooked resource in the fight against urban decline, and that is the resources that exist within the community itself. Edmund Burke referred to these resources as society's little platoons. Burger Newhouse called them mediating structures; in other words, the institutions within the communities themselves and the people who advocate on behalf of those institutions, who bring a unique perspective. After all the deliberations in Washington's great think tanks, it is refreshing to hear from people in the field who are actually applying some of the principles that Heritage writes about.

Pat Keleher, Jr., is Director of Education for Chicago United, a source of leading corporate executives and professional people that was formed in 1969 to help improve race relations and economic and social conditions in the Chicago area. A native Chicagoan, Pat joined Chicago United as director of policy in February 1987 after 25 years of corporate experience, most recently as president of Educational Networks, a consulting firm. He also held various managerial positions with Illinois Bell. He is a doctoral candidate in philosophy with a master's degree in ethics. His community involvements include member of the Business and Labor Literacy Advisory Committee and board member of the Business Institute, Channel 20, and the Quality University.

Patrick Keleher, Jr.: It seems as though this conference is moving from the general to the specific, and I think I will advance that by a case study of what has happened in Chicago. It is a battle that has dominated Chicago headlines for the last year and a half and one in which the business community was very involved.

My group is a twenty-year-old civic organization, a business civic organization formed in response to some serious trouble in Chicago following the assassination of Dr. Martin Luther King, Jr. Though it was formed in a reactionary way, it has become very proactive in its twenty-year life, most recently in the past couple of years.

Our president is Warren Bacon, one of the most prominent black leaders in Chicago. He is a former member and one of the first black members, I believe, of the Chicago Board of Education. He knows what is happening in Chicago.

Our business leadership is probably the best informed business leadership, I would venture, of any on the subject of education in any big city, or any small city for that matter. We have with us today Gene Cartwright from Amoco, who is an active participant in the Mayor's Education Summit. He is a survivor of the battle of Springfield. He goes around the country talking about business-education relationships and partnerships. His chief executive officer, Dick Morrill, was a prime mover in the business involvement in school reform, as was Larry Fuller, the president of Amoco.

The corporate commitment to education reform could not be more serious. It is is a nationwide priority. You probably all know that the

Conference Board in its latest study of emergency issues ranked education for the first time prior to economic development as the number one concern of business leaders across the country

Chicago United is 82 corporations. Our board of directors is comprised of the chief executive officers of those corporations. In the school reform campaign I will be talking about, we are given the proxy of an organization called the Chicago Partnership, which is a loose confederation of eight major business and civic organizations. And we were able to speak for 5,700 employers in Chicago. That gave us some clout.

Now in the December issue of *Education Update*, it is mentioned that this coming July, Chicgo will launch the most dramatic experiment in school-based management in the country. We believe that it is, and I think after you hear about it you will agree with me.

On December 1st, the Illinois legislature passed a bill that will dismantle the Chicago Board of Education. I might take some exception to the word "dismantle," but it certainly will radically overhaul and restructure that system which is an organizational dynasty. I am not saying anything about the persons who run the school system. We have some very fine people, but good people in bad structures cannot do their best work.

Chicago's school system has been called the worst in the nation. I will tell you how that appellation came about – it is plagued by corruption and political patronage.

The Board of Education will be replaced with parent-led school boards elected at school sites at each of close to 600 schools. As Jeanne Allen described it, this revolution in Chicago schools will serve as a model for parent rights efforts throughout the country. We are convinced that it will.

Chicago United is something of a miniature business roundtable. We are not statewide, but rather local to the City of Chicago. The title of this segment of the conference is "Building Community Alliances – A Neighborhood Perspective." Let me tie the title of this segment in with the theme of the conference, "Can Business Save Education."

The answer to the theme question is that business alone cannot save education, but becoming the philosopher that I usually am by night, I will mention that, though business involvement is necessary for school reform, it is not sufficient. Believe me, there would be no school reform

in Illinois, were it not for the active involvement of the business community. But while that is necessary, it is not sufficient.

What also was required was the active involvement, the coalitional alignment that we made with parents and communities throughout the city of Chicago. I want to put that in a bit of historical context. I participated with the *Chicago Tribune* team that did the lengthy survey. Its main title is "Worst in America." The title came from Bill Bennett, who was in Chicago three times during 1987 as a guest of Chicago United.

We have worked very closely with the Department of Education for years. Bennett's statement hurt a lot of people. But think of the values at stake. We always thought about the kids that were getting hurt by the system. Though you may have already been numbed by statistics, let me tell you about the problem in Chicago.

Out of any 40,000 kids, which is the normal size cohort entering the 65 high schools in Chicago each year, four years later only 18,000, less than half, will graduate. Of the 18,000 who will graduate, only 6,000, a third of them and 15 percent of the original cohort, will be able to read at twelfth grade norms. And do not forget, there are 415,000 kids behind statistics like these.

In the most recent ACT college entrance test, 5,400 high schools from across the country fielded the required 40 students to take the test. Chicago, in its 65 high schools, was only able to muster 58 schools with a 40-student team. Now these are the college-bound students taking these tests at these 5,400 schools nationwide. By definition the bottom percentile of 5,400 schools would be 54 schools. Of the 54 schools in the bottommost percentile on this nationwide test, 35 were Chicago high schools.

Secretary Bennett may have been wrong, and if you heard the entire press conference, he sort of backed down from the statement that we have the worst system in the country. But with figures like that, the Secretary was right when he talked about an education meltdown, when he talked about the bureaucratic blob that was getting in the way of an efficient Chicago public school system, and when he said that our city needed the educational equivalent of a Mike Ditka. Well, we are on the way.

Back in 1981, Chicago United gave about $3 million worth of time and effort and brain power for a management study of the Chicago

public school system. In 1987, six years later, I supervised the study that reviewed the management recommendations that had been made to the Chicago Board of Education.

Percentage wise, the board implemented most of the recommendations. Substantive-wise, policy-wise, they completely overlooked the most important recommendations, those having to do with restructuring their system and cutting down the size of the bureaucratic blob that was sitting on top of this system of 600 schools.

That very same study came out with some figures that were cited earlier. We are being careful not to compare apples and oranges, but we did compare the size of the central administration of the public school system with that of the archidiocesan Catholic system in Chicago.

Now look at this ratio. There are 410,000 kids in the Chicago public school system – 175,000 kids in the Catholic system in Chicago. For the 410,000 kids in the public school system, there are 3,000 central administrators. For the 175,000 Catholic school kids, there are 30 to 40 central office administrators.

Yes, there are differences. There are state-mandated programs. There are title mandates. But they will not account for that sort of disparity in the administrative spans of control. That is why I referred to it as an organizational dinosaur.

I am in a fairly good position to make such an observation, having been in the strategic planning department at Illinois Bell during the four years that led up to the divestiture of the Bell Operating Companies, one of the biggest down-sizings in American and world corporate history.

We need our own version of that sort of a down-sizing in Chicago, and it is going to happen. 1987 was a very eventful year. Not only did our study come out pointing out some of these statistical nightmares, but we brought into Chicago a version of the Boston Compact. As you heard, that compact is in some trouble right now. It is being reassessed by the business people who got into it in the first place in about 1981 or 1983. The Boston Compact did not get off the ground because of the unwillingness of the system to commit to educational reform or to commit to objectives for the system over a [illegible] time line.

To compress a long battle, we had the longest work stoppage in the U.S. in the fall of 1987 in terms of people hours lost. That triggered an

aroused citizenry because it was the ninth school strike in eighteen years.

From then on through December 1st of last year, a battle waged that is a separate story. The upshot of it is that corporations got involved as never before. They formed alliances, working partnerships with parent and community organizations. They used their good offices. They used their general counsel services. They helped pay for lobbying and for editorial campaigns. They rolled up their sleeves to the point where Governor Thompson said he has never seen a more concentrated, more widely participated-in movement than the Chicago school reform movement. We bothered the heck out of our legislators in Springfield We lived down there

Twenty-four of our CEOs went down on separate occasions. Never had this been done before. They met the governor. They met the speakers of the House and Senate. They got personally involved And now we have local school boards coming onstream in July of this year. They will have lump-sum budgeting authority to administer the budget prepared by the principal at the school site They will have tremendous discretion in the curriculum offerings at the particular school site. They will have, perhaps most important, the choice of a principal under a four-year performance contract. In addition, the central administration by law will be cut down 25 percent, somewhere between $45 and $65 million, a tremendous down-sizing of the administration. Oversight authority is being established to ensure that the spirit and the intent of this legislation is carried forward.

While there are many other provisions, let me just mention that we, the business community, helped establish a political counterweight to offset the existing power bases of the Chicago teacher's union, the Chicago Board of Education, its adminstration, and groups like that

We are in it for the long haul We are not going to go away. As a good faith gesture we have just spun out a new business organization called Leadership for Quality Education, headed by a retiring vice president, regional vice president of AT&T, Joe Reed. This is a very extensive thing that happened in Chicago. But in any event, business can help save education. It cannot do it alone. It must build a coalition with parent and community groups

Mr. Woodson: Our next speaker is Thomas K. Smith. He is Director of Public Affairs for Dow Chemical Company and Vice President of Dow U.S.A. T.K., as he is popularly known, joined Dow in 1962 and served in several marketing capacities, including product sales manager and district sales manager. In 1974 he became financial assistant for investor relations; he moved to Dow Chemical Pacific in Hong Kong in 1979 as vice president and director of marketing; in 1982, he became vice president for specialty products and services. He holds a bachelor's degree in chemical engineering from Cornell.

Thomas (T.K.) Smith: Let me first comment on the subject of this conference, "Can Business Save Education." My answer is no, not alone. I wonder, in fact, does education want to be saved or believe it should be saved. I submit that, until it is more widely believed inside education and maybe outside education that some saving is in order, not much will occur.

In contrast to a business that loses customers and ultimately loses money if it does not does adjust, adapt, restructure, streamline – all the words you have heard – education is not an institution known for adaptability. Too often the loss of students is attributed to demographics or other things outside its control.

As those of us in business have been forced to down-size and streamline we have learned that change on anything other than your own timetable is very painful. I submit that nothing less than outrage is necessary if the desired changes are to occur. For sure, the initial reaction to the noise and pressure is one of defense. The tendency of the institution of education is to reject those comments from the outside and to reject these suggestions as coming from people who really do not understand, or their reaction is just to cry for more money.

But despite this rather pessimistic appraisal, education is viewed by many as the most important activity that society undertakes. The development of human capital is crucial if society is to sustain itself for any kind of a reasonable future.

Fortunately, a number, in fact quite a number, of important experiments, pilot projects, and downright creative initiatives are being undertaken throughout the country. All of them seem to embrace a

single premise; that is, we are not educating our young people as well as we must if we are to come close to approaching our potential.

The scary part is that a number of other nations in this world, looking at our model, have taken education to their people far more seriously. They like our market system, and they apply it to education. In most cases they have more than exceeded the gap, and I would be concerned if we had measured 50 countries and not the twelve or fifteen that we do. We might finish 45th instead of fourteenth or fifteenth.

I do not want to suggest that the business education partnership as such is the whole answer. Business needs to be a part of it, as you have heard, but there are a number of parties that need to be included. Parents, teachers, administrators, school boards, and maybe even students in some cases need to play an active role in the design of a new educational scheme.

Now for some examples, and these are but a few of hundreds that are going on around the country. In Minneapolis, there is the Minneapolis Public Academy sponsored by General Mills by way of a grant of $350,000 over three years. It is an experiment involving the K through fourth grade, about 140 students, and nine teachers. It was initiated in September of 1988. Some 40 percent of these students are minority. And most important, the union waived some of its seniority requirements, thus facilitating the selection of teachers.

Important features include reduced class size from 28 to 1 down to 14 to 1. Two, teachers accept responsibility for learner outcome. You have heard that word, accountability. This means teachers are evaluated based on student performance on some standardized testing. And three, the teachers communicate directly with the parents. I do not think enough has been made of the importance of that support from the parental portion of this community. Telephones have been placed in the classroom, a minor technology improvement, and teachers have agreed to accept calls from parents at home. As a sideline, I understand they are going to put answering machines in the homes of these teachers to facilitate that connection with parents.

This program is being operated as what is described as a share-decision model. Teachers and principals participate in decisions affecting classroom operations, school performance, and the allocation of resources. Preschool meetings are held daily between principal and teachers, and formal staff meetings are held weekly.

Tenneco has an adopt-a-school program. We have heard of these, and that quite often is the starting point. Most of us in the industry walk into this rather sensitively and maybe with some expectations that are unrealistic. Certainly Tenneco is an example of a company that went in with a mood of optimism and a desire to be seen and to be a good citizen.

Very simply, they contacted the school district and asked for the school with the worst problems. As often is the case when we do not know too much about the specifics in a situation, we in business often assume that the solutions are either easy or will respond to good strategies and good execution. Those of you in education know the closer you get to the problem, the more intractable it may seem.

Tenneco recruited employees to help teachers by serving as special speakers, tutors, assistants in the classrooms, and it was not long before it became apparent that the classroom challenges were only part of the problem. Dropout students were a major part of the problem.

A job program was initiated to encourage students to stay in school. Relatively simple incentives, like awards for perfect monthly and yearly attendance, came into play. Sponsors for summer employment were recruited to give the job program substance. Sponsors were asked to serve as mentors and to shepherd these at-risk students through the program.

Let me turn to some initiatives that we at Dow have taken. Typically of corporate America, most of our effort until recent years was directed at the university level. As you might expect, that was the source of our incoming human talent, but in recent years, we have recognized that the feedstock, a very common chemical term, for the universities was in a poor state and needed some attention. We have a particular interest, as the man from Ashland mentioned earlier, in science and mathematics in terms of the kinds of people we expect and need in the future.

One of the things we have done is an outreach program for teachers. Each year for the past five years, we have invited 60 to 65 teachers of all disciplines, not just the science disciplines, to spend a week with us at our headquarters, and we introduce them to a variety of disciplines within the country and the industry. We take them on plant visits and laboratory visits, and we talk to them about business. We talk about

health issues. We talk about environmental issues and risk questions among others.

Our objective is to help them better understand what we are about and how our institution operates. And by virtue of their questions and participation, we learn a lot more about their needs. Some followup has occurred when we have been invited into the classroom and into some smaller partnerships where we can have a dialogue with them. That has proved to be somewhat productive, and we are hopeful that that will continue to grow.

In recognition of the need to encourage science interest among minorities particularly, we have established what we call our Touch-Tech program. We are currently working with Renaissance High School in Detroit. It is a minority school, admittedly not a school with many at-risk students.

Teachers select ten to twelve honor students who spend eight weeks during the summer in Midland after their junior year, before their senior year, working one on one with scientists in the laboratory. They work on a very specific project, and they get very deep into the technology. They gain an understanding of what being on the job is like in a science-based organization, and we get a sense of what their kinds of needs are.

They are housed at a local college, all expenses paid. We organize social activities off the job so that the mentors and their families get to know these students better and the students get to know us a bit better. We are tracking some of these students, and we are very hopeful that we are going to gain some excellent future employees.

Given our special interest in science, we recently made a contribution to the Oregon Museum of Science and Industry. They are developing a traveling exhibit that will travel to fourteen or fifteen museums around the country for three months. The theme is superheroes. The thesis is that science and technology have made all of us into superheroes on the order of Superman, Wonder Woman, Spiderman, Lady Marvel. The intent is that this exhibit will demonstrate how technology has, in fact, done that. If students and parents in visiting will see some of the gee whiz and wow of how science makes their life better, even those who do not pursue a career in science will come away with a better understanding.

The Impression Five Museum in Lansing, Michigan, is a hands-on museum that serves 40,000 students a year. We had a role in creating the science laboratory by helping to design the laboratory and some of the experiments.

Each year we bring ten high school teachers to Midland, and they spend two weeks with us as part of the National Science Teachers Association Industry Workshop. We are going to pay for those teachers to attend a national convention in Seattle next year.

One of the most aggressive efforts is by Procter & Gamble in Cincinnati. You have all heard of Brad Butler, the former CEO. He has taken this issue on as a personal challenge. As I understand it, this grew out of a recognition by Procter & Gamble that it is time that we start raising millage rates in the communities, and they put their marketing skills together in selling higher millages. This led to some reading programs and to some other business education partnerships.

They then launched what they call Project Inspire. They have taken on two of the high schools with particularly difficult situations. The initial step was for the teachers, the students, and Procter & Gamble employees to paint and fix up the school during the summer, plant shrubbery, and really make it an attractive place to attend. John Pepper, the current CEO, I am told, showed up unannounced and pitched in. That got a few people's attention, particularly some P&G employees who had not shown up.

They took on 150 at-risk students in grades nine and ten as mentors one-on-one, met with them on a weekly basis, and performed some tutoring where it was helpful. The program is in its second year, and there are some outcomes you may find of interest. The absentee rate dropped from 12 percent to 5 percent in the school, not just among these 150 students; and while five of the 150 failed, to give you some idea of what they were working with, none has dropped out of school. Only 10 percent of the students at these schools require office intervention versus a norm of something like 30 percent. Particularly noteworthy is the fact that, on parent day, parents of 125 of these students showed up versus a norm of zero.

I think you can see from these examples the number of creative battles that are being fought and won. We are all winners when the students and these people are made a part of the system and believe that they have an opportunity. Their innate curiosity is furthered, and

it fosters a sense that learning is a lifelong process, which we believe is critical. We in industry want more than robots. As was described earlier, we want people who can grow. Our business is changing so fast we cannot even predict some of our needs of the future, and so we need people who believe in themselves and believe that growth is fun and important.

We want science, we want languages, we want mathematics, and very much we want the ability for self-expression. We recognize that these ad hoc programs are not enough. A few sites around the country, hundreds of sites around the country build a momentum, but it is going to take more focus, and a lot more effort at both the state and federal legislative level. We accept the challenge.

Mr. Woodson: One consistent theme throughout these presentations is that it is most important, as we are addressing particularly the needs of high-risk kids, to make it possible for them to get some reward for being responsible kids.

We spend so much of our time and effort in society concentrating on those who fail. Our whole social service industry, the $240 billion we spend each year on the poor, really supports irresponsible behavior – it rewards failure.

If you are poor and are pregnant, there is a program. If you are on drugs, there is a program. If you are delinquent, there is a program. But if you are living in those communities and obeying the law, trying to make a life for yourself, there is nothing for you. Since you get more out of what you are rewarded for and less out of what you are punished for, what you are witnessing here is what can happen when you give those low-income environments a helping hand. Not a handout, but a helping hand.

Our next speaker will make this point in a very profound way. Kent Amos is president of the Triad Group, a management consulting firm. He is a native of Washington and a graduate of D.C. public schools and of Delaware State College where he holds a degree in business administration. Prior to founding Triad, he spent fifteen years with Xerox Corporation, during which time he held several sales and management positions. At the time he left Xerox to return to Washington, he was a corporate affairs director. He has been selected for *Who's Who in Black*

America and was named by *Washingtonian* Magazine as Washingtonian of the Year. He has also appeared on the cover of *Parade* Magazine.

What is most interesting about Kent is not what appears on his resume. Is is that about 1980 Kent and his wife Carmen, in looking at the problems confronting young black kids in high school who were dropping out and turning to drugs, decided to do something about it. They began to open the doors of their home every evening five nights a week, providing dinner and a comfortable place for some kids in Washington to do their homework. They became known as Amos's children.

Throughout the past eight years, 58 kids have come through their home. He and his wife made an eight- or nine-year commitment to these kids. All but one of the 58 graduated from high school, fourteen graduated from college, and eighteen are in college now. Five have been valedictorians, and four have been salutatorians. When he is traveling on business in addition to his other duties, when he is in a city where one of his kids is in college, he always manages to stay over and spend some quality time with this youngster. Kent Amos.

Kent Amos: In terms of the theme of this conference, I first and foremost believe that there can be no change in the system of education in this country without the intervention of business. Now that is not what I am going to talk about. My issue now is not trying to save a system that is decaying, if not dead, even if it be education. My concern is the future of this country and, more particularly, of my own people. I am clear about that, and I see this country, through its youth, going down the tubes. So my issue is saving children, not saving systems.

Eight years ago my wife and I moved back here from Stamford, Connecticut. In fact, I asked to be moved back here because I wanted to get back home. We ended up in Reston, Virginia. We were building a home on one of those lakes out there, when I realized we had returned to the Washington area but we were not not yet home. You see, I was raised in D.C. in the 1940s and 1950s as a child, and it was segregated then. You could not live just any place. Now I had reached this lofty position where I could live virtually anywhere I wanted to, and I chose Reston, Virginia. No disrespect to Reston, but we moved back into Washington

The next issue became where do we send our children to school? Do we send them to private schools? Do we send them to parochial schools? I said no. We will send our children to public schools. Why? Because my wife and I both went to public schools, and it is public education that will save this country or take it down the tubes. If you want an institution to survive, you go to it and bring your resources to it to change it, and so I said, we will put our children in public education, and we will take our resources and do something to change it.

Then the issue became where. My son was going into the 11th grade, and my daughter into the 6th grade. My daughter was easy. There was a nearby school for her, one of the best in the city. It was well integrated, it had all the right kinds of tools, so she was not a problem. But my son, now going into the 11th grade, going into a public high school that had people shooting at each other and drugs – all the things that worry parents.

But I felt we still had to stick with public schools, so we eventually put him in the same school that I went to. Now, believe me, the school had changed. I graduated from a school that was 82 percent white, and of that, 72 percent Jewish. He went to a school that was 99.9 percent black, 80 percent of those under the poverty line. The same building, a different school.

But there were teachers there who had been my classmates, and that is why I eventually put him there, because I wanted somebody there that could put hands on him I had no problem with that, because that is how I came up, too. That is the understanding we all had.

But you cannot be a parent to your child and not also understand your child's friends and intervene in their lives because they are intervening in your child's life every day. So then, he started bringing his three best friends home, because he had a car, and they did not. I had three young men in my house who were thugs, period. It scared me to death when they first showed up Everything you can think of with the hats and the walk and the attitude, all three. I had to change their lives if I was going to save my own son's life, and that is how this thing started.

For me, it is not a program, though it is commonly called a program They are my children, and that is how we have approached this thing. What we did was set forth the same standards and expectations for them that were in our home across the board. I am a very fastidious person, very orderly and very neat, and that is what I expect of them,

and that is the way the house has stayed At the time our living room was not furnished, and for the next six years it was never furnished. We put tables in there. The rest of the house was furnished very nicely as befitting the economic status we were in, but the living room stayed as their place.

And the numbers kind of grew. We went from three boys the first days to where we might have 25 kids a night, five nights a week, and on weekends, one full day, when they would eat dinner. They would have to eat, they would have to study two hours, minimum two hours of study. No telephone, no radio, no music, no television, none of that. Study.

Our notion is, if you capture their time, you also capture their minds because it is that idle time, that uncontrolled time when no one else is intervening in their lives. They go to school from 8 in the morning until 4 or 5 in the afternoon, and most of them were involved in some kind of extracurricular activity. Then we catch them when they leave school for our house till nine or ten at night. You limit the amount of time they have to do wrong.

Now, some did, and let us be clear on that. I have had to go and identify a 17-year-old boy shot four times, twice in the head, twice in the heart. I have had to go cut down a 15-year-old boy who hung himself who was like a brother to one of my girls. I have had to comfort a child whose boyfriend shot himself in the head in her presence. I have been to a funeral a year for the last eight years, including this year, because of a connection of one of my children or one of their immediate friends or family members.

This has not all been pleasurable. We are dealing with those children or youth called at risk. It is not a pleasant. It is not a pleasant feeling when you go to bed at night knowing that the next day you may get that call, and we have had the call. Stabbings to death, shootings to death, hangings to death. Incest, abusiveness. You name it, we have dealt with it.

But as the gentleman with Procter & Gamble suggested, the school changed. An example: coming out of a high school basketball game, I am walking down the street with a couple of kids at night, and across the street there are these three boys sitting on a car. Under normal conditions, if I were going to my car with these three boys sitting across the street, fear would have overtaken me, but fortunately we had people around. I was not quite as concerned, and I heard one of the young

men say, "That's the man that helps the kids." Two boys that were sitting on the car got off the car. They said "How are you, sir?" I spoke to them, and I got in my car and drove off. One of the kids asked if I knew those boys. I said no.

The point I am trying to make is that the word spread around the school. They understood who Mr. Amos was and that Mr. Amos was going to be there for them when they needed him. But he demanded certain expectations, certain values.

Yes, we have eighteen kids in college right now. One of those first three boys, by the way, is now a senior at the University of Kansas. He has had a 3.0 or better for the last five semesters. That same young man repeated the eighth grade and was put out of the ninth grade. The last four semesters at the University of Kansas, he was captain of the basketball team, the national champions. I am a proud father. I am going to see him play his last home game as a matter of fact. But he has changed his life.

The second one of those first three boys is now working with ten kids himself, while he is doing graduate work at Catholic University. I have had to get him personally out of jail.

The third boy spent seven of the last nine years in jail. You cannot win them all. I spent seven years in the military, including time in Vietnam. I understand the notion of casualties, but what I do not understand, what I cannot accept, is the notion of defeat. Unless we do something about our young people directly, we will lose, and there is no question in my mind about that.

Guest: I know there have to be more Kent Amoses in other communities. Maybe it would be good to talk about how even we in this room can help replicate what it is you do and find the people in the communities who care about the kids.

Mr. Amos: Well I would mention that we were honored by a cover story in *Parade* magazine May 1987. At the time we had 42 kids. We received 3,000 letters from around the country as a result of that article from people just wanting to do something. But I have a modest business. I do not have the resources of Xerox or many of you who are here. I just do not have the resources to pursue it. The will, yes; the money, no.

But I know there are people out there who want to do something like what we are doing. We did spend the energy, time, and resources to see if it was replicable. Many people would suggest it is not replicable because there is something "special" about us. I disregard that notion totally. I think there are plenty of people in this country who are willing to give of themselves and to make a difference. The basis of what we do is rules, and anybody can do that.

Mr. Woodson: The point is – and Kent is right. We have found thousands of people like that right here in Washington. There is a man whose wife died and left him with four youngsters, and he was confined to a wheelchair, third grade education. Each of those four children graduated valedictorian because someone from his church came every night to tutor those kids the way Kent does.

The problems and the solutions are here. The money and the resources are over here, and we just cannot seem to take some of the resources that are available and provide a place for the Kent Amoses to be a clearinghouse so we can begin to match that. There are thousands of people around, doing what he does, and like Kent, they do not do it with any conscious effort to seek publicity nor do they think they are doing anything special. But we as a society have to find a way to capture these resources and allow what they do to be applied in a much broader way.

Guest: Could you comment on what the black community is doing in terms of trying to get a voucher system?

Mr. Woodson If you look at polls, about 55 percent to 60 percent of black community folks polled favor some form of voucher to allow choice in education. The problem is there is no way for these individual voices to be heard collectively and allow their will to be imposed on the policy community. But this issue, I understand, will be addressed in a later workshop.

Mr. Keleher: Let me just follow up on that. While it is true that 55 to 60 percent of minority respondents do favor some form of voucher or tax credit, there is a real political problem that we must be honest about to keep it at the surface, and it is going to take a lot of trust building, networking, and coalition building to pull it off.

In my city of Chicago, of the 415,000 kids in the public school system, 87 p[illegible] are minority children, 67 percent are at the poverty level. For the first time in the history of our very, very political system (and this is true of many large urban systems) there is minority leadership in education.

For example, the president of the Chicago board of education, the general superintendent of schools, the president of the Chicago teachers union are all black people. The intentions and the motivations of people advancing the choice notion – and I am one of them – and the people I am with are in the same boat. Although we do discriminate between different types of choices and whether now is the time for going to choice within the public and private systems, we are not sure about the political timing of that.

But anybody who wants to sell the voucher notion or the choice notion is going to have to disabuse some people of some notions of, for example, racism, and that the white establishment, which no longer has the ascendancy within the urban educational system, has bad motives, when in fact the people who have the most to lose are the children being served by that system. So we need coalition building, and the corporations are good at this. Marketing in the best sense of the term, communications, we have a big job on our hands.

Mr. Woodson: Absolutely, and this is something that I promised to address in my remarks. What I stress today is strategic interest. It is easier to bring people together when they have strategic interests in common. Believe me, business and low-income leadership and low-income people have strategic interests, given the composition of the work force of the future, so they have the best basis of an alliance. I am going to be talking about that alliance, what are some of its key ingredients and what are the steps that can be taken to build that kind of alliance. That brings us to the end of this session.

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Learning to Read and Write — Proven Methods

Mrs. Allen: Our next session is a unique demonstration from Virginia Carey, who is chairman of the Nellie Thomas Institute of Learning in Monterey, California. The Nellie Thomas Institute one of the few organizations promoting phonics as the method to learn how to read and write, curb illiteracy, work with learning disabilities, things like that, and it has been widely successful in terms of social programs across the country, particularly in prisons and some schools, and the program is growing by leaps and bounds.

What she is going to do for you today is give you a short demonstration of how she improves people's penmanship, which leads basically to an improvement in self-esteem. Students have come back to her to ask for reading lessons to improve their skills that way and become better and more productive members of society

Virginia Carey is a registered nurse, homemaker, and has been working in this area of reading and phonics for about fifteen years She started managing and operating the Carey Oil Company with her husband some 25 years ago and has been working full-time and part-time whenever she could over the years to promote this phonics project of hers. Virginia Carey

Virginia Carey: What I am going to do from here on out is exactly what we do with all of our students, whether they be in first grade or high school or are young adults.

The first thing I am going to do is tell you a little bit about myself and also about Nellie Thomas. My husband and I are the parents of four young boys. The first two learned to read, write, and spell, no problem, and they are avid readers today. The third one had a twinkle in his eye. He could not wait to go to school to be as good as his brothers. He went to school. About the middle of the school year, we found out that he had stomach aches, he hated school, did not want to go back to school because he was stupid and he was dumb and he could not read

Now, mind you, all the kids were in the same school, the same teacher, the same everything. We really did not know what to do with this kid until one Sunday he was reading out of the book that he was using at school. He was reading to his dad, and he said the word [illegible]d," and the word was "father," and he said the word "fence," and the word was "gate." We saw we had a problem. So over we trounced to see the teachers, and they informed us that our son was a disciplinary problem and he was lefthanded.

It was then in 1967 that I met Nellie Thomas. Nellie Thomas is now 82 years old. She had been in Rockford, Illinois, working with throwaway kids. These were kids that were in and out of jail, 16 and up. She found out as a teacher. She came from the University of Wisconsin. She said she learned three things. She learned to tell the students to stand, pass, and sit, and that was it.

She figured she had to do something with these kids or get out of teaching. Her husband had died. She was the only support of the family, and so she could not afford to get out of teaching. She had a principal who understood what she was trying to do, and she developed this method that I am now going to show you very quickly.

[There followed a demonstration with viewgraphs of Mrs. Thomas's method for teaching phonics, through a start in a 45-minute penmanship lesson. Phonics are implicit in learning the sound and formation of each letter, using six simple rules.

All small letters are the same size.

Write straight up and down.

Draw each letter slowly, as though you are an artist.

Use tall, thin loops.

There is no loop in D, P, or T.

Cross on the line.

Practice follows through using penmanship techniques to write an autobiography and such short pieces as a fear paper. Mrs. Carey's demonstration included viewgraphs of the experiences of several successful students, of all ages and walks of life, who in a very short time were writing and reading easily.]

Mrs. Carey: One of the things that Nellie always says, if Johnnie or Suzie cannot read, write, or spell, "Don't you dare blame them because

they've never been taught, but don't you dare blame that teacher because she has not been taught, either."

I really feel as though what we have to do is to get out of the bureaucracy. I have tried for 26 years to get this teaching method into schools across the nation. We have lived in Massachusetts, Oregon, Florida, and North Carolina. I have tried every place, but I have had only minor success.

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Panel IV

Improving Public and Private Education

Mrs. Allen: Our chairman for the next panel is Jack Klenk. Jack organized the January 10, 1989, White House conference on choice that you may have heard about. It was ordered by President Reagan before he left office, and it brought together leaders from across the country to share ideas on how parental choice can improve schools and empower families. It was well received from participants as well as people from the outside.

He is currently the director of issues analysis in the Department of Education. He was senior policy analyst in the Office of Policy Development, and he worked on a variety of policies in education, health, and other areas and served on the adminstration's interagency working groups on health care, child care, and the parental role in education. Jack Klenk.

Jack Klenk: What we are doing today is incredibly important. It is indicative of a reversal that has occurred in educational policy. For years, those of you in business have been seen as the cash cows, as Chester Finn puts it in a recent *National Review* article, the cash cows of the educational establishment.

You sit in the back of the bus and listen to the professionals driving the bus and stopping at the traffic intersections, and you write your checks for what is now about $40 billion a year that private industry gives to support American education. You might come forward with other kinds of participation in American education, but business people by and large have been content to listen to the experts and to take their place and sign the checks and not complain too much except on occasion. Somehow that has not worked out. The experts have turned out perhaps not to be so expert as they thought they were or as the rest of us thought they were too.

American education is in trouble, and the reason is not because you were not writing your checks. In fact, you wrote bigger and bigger checks every single year. It is not because you failed to give proper deference to the experts, because you did.

But something else has gone wrong, and I think the conference today indicates the realization sweeping over us that there may be something in business that works, that can work in other areas of life for the same reason that it works in the factory. Somehow free enterprise liberates people's energies. It can make people do things that otherwise they might not do. Furthermore, it can make them enjoy it.

How often have you gone to a McDonald's restaurant and seen a young person who might be a dropout student, a failure so far as his education is concerned, but that very same student may be managing a McDonald's, handling large sums of money, dealing with customers, and doing it with a smile on his face.

A few weeks ago I had the opportunity to visit some schools of choice in East Harlem, New York, and it was remarkable visiting those schools. These were schools that ten years before had been disaster areas, as the surrounding area still is. The word that kept occurring to me as I went through those schools was "energy." There was an excitement about the teachers, about the principals, and about the students in those schools, and they were very energetic.

Something impressed itself on me that day, and it was this, that choice does two things. First of all, choice allows for the kinds of things that we have been hearing about today. It allows for parents to take their children out of a school that is not working and put them into a school that does work. We think a lot about choice in that way. Choice allows us to have power.

In education, parents have become what has been termed "semi-sovereign," but choice gives them back that sovereignty, and it allows children who are attending schools that did not work to go to schools that do work. But it does something else that I had not appreciated as much before I went to those schools in Harlem. I suppose it is old hat to you business folks. It is that choice allows people to be entrepreneurs, because if they are choosers out there, it means that some of us, many of us, all of us, can go out and match ourselves up with people who might choose us.

None of the teachers, principals, and school board members whom I met looks on choice as even remotely negative or subversive. To all of them it was something exciting, something that gave them – and they used this word a lot – ownership. It gave them ownership of their schools.

You folks who have been the cash cows for so long can give schools something that is far more valuable than all of the money you could come up with. You can give schools the secret of your own success. You can give schools entrepreneurship. You can give schools excitement because you know how to liberate the energies of people, your own and other people's.

And as you do this, we are going to see another kind of reversal in American education policy, and that is that business people are going to be seen as the people with social conscience. For too long there has been a stereotype of business folks as being the money grubbers, not caring about folks in the inner city and others in need.

Educators were the high thinkers, the bleeding hearts, but not necessarily the kind of bleeding heart Bob Woodson was talking about this morning. Now when we look at our cities, we see that businesses are having to spend $25 billion a year just for remedial education to make their employees worth employing. We see that half of the young people in the schools of our large cities are dropping out, in many cases before they graduate. Those who do graduate very often do not have high school skills at all; they are getting by on an elementary school education, if that. And half of our colleges and universities today have to offer remedial education courses in math and English in the freshman year. This is an outrage that people should not tolerate.

As you business people become more involved in working for reform, you are going to be aligned with the dispossessed of the world, and you are going to be able to make arguments for justice and for equity, and because you have the secret, it is not an ideological issue. You really have the secret. You really have the secret that can give hope. If it can work in Harlem, it can work anywhere.

We have three people with us today who are going to talk to us about some things that they have done in education and some they have been involved in business-education relationships. The theme of this workshop this afternoon or this panel is "Improving Public and Private

Schools." Can they be improved? I guess the answer is no if we do it the wrong way, and yes, if we do it the right way.

The first person who is going to talk to us is Jackie Ducote. She is from Louisiana, where, as you know, the schools are not ranked at the top in the nation, and there are a lot of other problems. A lot of folks have fled Louisiana to other places, and some people have stayed there and fought and fought and fought. Jackie has been fighting for improved education for at least 20 years. She has been a member of her local school board. She has been a parent activist. She is executive vice president of the Louisiana Association of Business and Industry, which is the chamber of commerce for that state. She headed up research with a Department of Education grant to her business association, which produced a very fine study on a reform program in the State of Louisiana. Her perseverence is an example to all of us. Jackie Ducote.

Jackie Ducote: The question today is "Can business save education?" A lot of people have taken a crack at answering that, and I will answer it, too. My answer is no, not unless the business leaders of this country dare to be risk takers and change the rules of the game.

I would like to explain to you why I have reached that conclusion, based upon our experiences in Louisiana, and what I think we need to do in order to create a framework within which lasting and meaningful education reform can take place.

In Louisiana our organization and the business community were involved in education reform long before it was the fashionable thing to do. We started supporting various reform measures at the legislature back in 1975.

We are very active politically. We field an eight-person lobbying team at the capital – I go to all the meetings at the state board of education. We get involved in elections. We have the largest, one of the largest PACs in the state. We elect people to the legislatures, state offices, and the state board of education.

We looked at all of the recommendations that had come out about how we could improve our education system, and we consolidated them in 1979 into a little publication called *Building a Better Education System*, in which we outlined a platform for educational excellence, very specific steps that we thought needed to be taken in the State of Louisiana in order to improve the education for our children.

In 1983 we followed that up, took stock of what had actually been accomplished, and issued two more publications called *A Thrust for Quality in Higher Education* and *A Thrust for Quality in Elementary and Secondary Schools*.

In the higher education publication, we suggested the creation of a $500 million quality education trust fund using some oil and gas revenues that Louisiana had received as a windfall, and that has been created. In the public school area, we recommended again the more traditional means of changing the system.

We also noticed as we were involved in all those political battles – because everything is a political battle when you are trying to change the education system – that very few citizens were at the meetings of the legislature or at the state board of education. So we helped underwrite the creation of an organization called APPLE, "Advocates for Public Participation in Louisiana Education," in order to let parents know when and where and how they could be effective in making an impact on a policy decision that related to education.

We did not say, "Go fight for our position." We said, "This is what they're talking about, go make your voice heard."

We have also done a considerable number of research reports. One, which stirred up a great deal of controversy, was how Louisiana spends its school dollar, in which we tracked the education dollar and determined how much of it actually makes its way into the classroom. You have a little summary of this report in your packets today.

We also, as I said, have had an extensive legislative program and policy program in both the legislature and the state board of education, and we either have initiated or have been key movers in enacting more than 50 major education reforms in our state over the past ten years.

But despite all of this, the bottom line is that our children really are not learning any better today than they were fifteen years ago. Things might be worse. They are certainly not better.

In fact, when I was preparing for this presentation today, I ran across this newspaper clipping. It was in the Baton Rouge newspaper, and it said educators worry that many students are functionally illiterate. This was Saturday, April 16, 1977, a headline that could be in our paper today.

The number of illiterates in our state is increasing, not decreasing. We used to blame illiteracy on the older population in Louisiana who

live in the swamps, but that is not the case any more The illiterates are coming out of our high schools.

Our ten years of education reform have essentially been a long journey to nowhere, and we decided most recently to document this journey. I have put this in your packet also, but this little brochure shows you all the different education reforms, things that we practiced in the State of Louisiana. They are very similar to some that have been discussed here today and some that are being proposed in other states and have been tried in other states.

I think that I can summarize it by telling you that most of these things were watered down. They were not implemented properly. And they have been ignored. They have been taken to court by the teachers' unions and other education groups. They have been mired down in turf battles because this board or this legislator could not decide who to hire for a program to get it started.

We have an administrative leadership academy that has been on the books for five years, and it has yet to get started up because of all the confusion about which politician would be in control or they have not been funded, sometimes not because the money was not there but simply because that is another way to kill it. If all else fails, just get it zapped out of the general appropriations bill.

And many others that are still on the books are under attack. My former boss, I think, summed it up better than anybody. He had tried to change the education system for 35 years, and he said, "You are looking at a battered warrior who thought he was on the brink of success a dozen times over the years only to find his near successes get lost somewhere in that gigantic, ever growing bureaucratic sponge that ingests but never digests constructive change."

This is not something unique to the State of Louisiana. This is happening all over the country. It is a pattern that repeats itself time after time and again, and there have been think tanks and others that have documented this, piecemeal attempts to change the present education system. They have not worked and will not work, and you have heard why already today.

The system is a monopoly. It has a captive clientele. Its funding is guaranteed regardless of results, and parents cannot take their business elsewhere unless they can afford to pay twice for it. Thus, parents and citizens and even an organization as powerful as ours have been

helpless to bring about any meaningful and lasting change because we do not have the leverage to force the follow through and implementation.

The rules of the monopoly are simply stacked against us. I think that it is something like what a legislator in our state described as Chinese baseball. He said, when you start hitting the ball, they start moving the bases. I think that is apropos. As I see it, our only hope is to change the rules of the game and to put an external force to work that is free from the control of those who have been in charge of our failed education system. That external force is competition. The only way to get true competition is to give parents in Lousiana and all over the country the power to choose the best school for their child, not just the best school the government has to offer.

While giving parents choice among public schools might be a step in the right direction, the monopoly and the education bureaucracy is still in control. If they do not want to make a system of public school choice work, either initially or three or four years from now, the parents will still be at their mercy.

It is like saying you can have any make or color car you want as long as it is a Chevrolet. You cannot want a Ford or a Chrysler or something else.

Now, whenever choice in mentioned, and this has been my experience, the education bureaucracy and the teachers' unions and establishment start waving the red flag. It gets everybody else stirred up. They make it seem almost un-American for someone to believe in choice.

I know, because I used to be one of those people. I used to have an almost religious attachment to the public school system as it exists today. I thought that people that sent their kids to private schools were terrible, that they should stay in the public school system and make them work. Then I had something akin to a born-again experience. I was a slow learner.

I came to realize that public education does not have to be a synonym for a system of government-operated schools. Public education should be exactly what its name implies, what the words say, educating your children and mine, something that the current system is not doing very well, if at all

So, I would like to emphasize that there is nothing un-American about choice. It is much more American than the way we have structured education systems heretofore. The American people want choice. There are ways to develop a system of choice among public and private schools that meets the objections of those who oppose it, most of which are very emotional in nature.

Our organization has done a lot of work in this area. We were fortunate enough to get a federal grant. We organized a citizens' advisory group. We commissioned research studies on the issue of desegregation and choice, on the issue of how to handle the mechanics of implementing such a system.

We brought in national consultants. We undertook a massive public information and public dissemination program. We developed a model plan called Right to Learn, and a brochure that is in your packet outlines it and answers some of the questions about how it would work as well as some of the answers to the objections raised.

We distributed 50,000 copies of these in our state. We sponsored regional meetings. We have met with the editorial boards of all the major newspapers. We had press conferences and radio and TV talk shows, and we gave informational packets to legislators. Then we went one step further. We commissioned a national political consultant to assess the chances of passing this in our state and to help us develop a campaign to win this war.

Our next step is to assemble the war chest that is going to be necessary to introduce this into our legislature, because the day it is introduced the NEA and the AFT will pour everything they have into Louisiana. We know it. So we are not going to move until we are prepared to match that.

Business can save education, but only by showing education what business knows how to do best. That is to operate by the rules of free enterprise. Choice and competition alone are not going to solve all of the problems. I am not saying that. We are still going to need the more traditional forms of involvement. But choice and competition will create the framework for a meaningful and lasting reform.

Competition can be the catalyst to unleash the creativity that is necessary to make our system second to none in the world. Maximum parental choice is the glue to help assure that it stays that way.

So, today I challenge you to do five things. One, look at the bottom line. Chester Finn recently wrote that the most conspicuous feature of business involvement in education has been soft-headedness. He said, "Indeed, one sometimes gets the impression that, when normally hard-nosed capitalists turn to education, they check all their business instincts at the door." We must look at the bottom line. No system should be so sacred that it is beyond scrutiny and change, particularly when it has a history of subordinating the interests of children to those of the professionals who depend upon that system for their livelihood.

Second, cut your losses. Stop trying to save dying institutions at all costs, particularly at the expense of the children that they hold captive.

Third, rethink your definition of public education. Stop thinking in terms of public schools versus private schools. Start thinking in terms of effective schools and empowering parents to send their children to the schools that can and will educate them.

Fourth, stand up and speak out for maximum parental choice, no matter how unpopular, un-American, or radical the people in the education bureaucracy will make you seem when you take that stand. I want to warn you, this is not a cause for the faint of heart. This is a very tough battle that needs to be fought, and it needs to be fought and won. Put your money where your mouth is. Fund grass-roots efforts and research to help determine and make possible systems of choice in your individual states and communities.

And fifth, dare to change the rules of the game. Education reform won't happen unless we replace the rules of the monopoly with the rules of free enterprise. And who better to lead the way than you, the business leaders of America? So, today I think the question is not "can business save education," but "does business have the guts to?"

Mr. Klenk: Our next speaker is going to talk about one of the most interesting kinds of business involvement in the country. One thing business can do is to help parents who want to select schools other than the ones to which their children might be assigned. This is a financial difficulty for all parents who engage in it. For some parents, it is a financial impossibility.

In Philadelphia, a group of business people have formed the Business Leadership Organized for Catholic Schools, BLOCS. The BLOCS organization is helping out with a number of the things that the

parochial schools in the Philadelphia area need. By doing so, they are empowering parents to exercise choice that they would not otherwise be able to do.

Second, they are working to spur school reform in Philadelphia. This is something that everybody benefits from, including the children and their parents and parochial schools and public schools, the community, and most definitely the business community, which will have not only a better tutored, better lettered work force coming in, but possibly, better citizens than might otherwise be the case.

Ann Hileman is a native Philadelphian. She is a graduate of St Calista School, West Philadelphia Catholic Girls High School, an. Philadelphia University. She is the director of BLOCS, the Business Leadership Organized for Catholic Schools.

Ann Hileman: Jack forgot that the most important thing I have done in my life is to spend thirteen years as a Catholic school teacher. There is nothing more precious than our children. There is nothing more valuable in this world than investing our time, our ideas, and our resources in them.

After this morning's session, I was really honored to be among a group of people who care, who spend a lot of time coming up with wonderful, great, creative ideas and most of their time running into brick walls. But you kept going back and going back and going back. Believe me, for the sake of our kids, your maybe thankless job is really helping us out in the field. I know that it is frustrating, but we are worth it. A sincere thank you from someone who has reaped the benefits for thirteen years of all of the work that you do in education.

When we at BLOCS were asked if we would be interested in coming down to this conference to talk about the BLOCS organization, what it was, and what the businessmen actually do to promote Catholic schools, we were really delighted. That is because, from our perspective, business really did save Catholic education in Philadelphia

Our school system started in 1780. We are now in our third century of Catholic education in Philadelphia. From 1780 to 1968, we had a free tuition policy. We ran our schools out of the goodness of the community. Our operating budget in 1968 was $75 million, in contrast to the operating budget of our public school counterparts at that time, which was $400 million. Yet at that time, and even today, our system

educates about one out of every three school-aged children in Philadelphia.

In 1968, John Cardinal Krol, the Archbishop of our diocese, saw a need, and believe me, it broke his heart to have to charge tuition to come to our schools. Now tuition was $50. That might sound like not too much now, but in 1968, that was a lot of money.

The Archbishop was concerned about charging tuition to help make ends meet because he was afraid that it would turn away a lot of good people and pull back more and more that freedom of choice that he held so dearly and that we in the Philadelphia community benefited from so much.

The Archbishop was not the only person concerned. A group of businessmen came to the Archbishop in 1968. They were very concerned about what this was going to mean and how it was going to affect them. They realized that their taxes were already very high in order to keep the public schools open.

They feared that, with tuition being charged in the Catholic schools, many of the Catholic parents were not going to be able to afford it and would move their children into the public schools. The rising enrollment in the public schools was certainly going to have an effect on their taxes.

They also took a look at their own companies, their employees, both in management and in clerical work. They began to realize that they were hiring a significant number of Catholic school graduates in their companies. At that time, they sat back and said to themselves, there must be a reason for this. The reason was, simply, and they say this publicly, that we had a good product. The things that we were teaching our students in our schools carried right on into their businesses. They were structured, disciplined, confident, critical thinkers. That is why they were being hired.

Now, if the Catholic schools were going to become unaffordable to a significant group of people, they knew that ultimately they were going to see that effect in their own companies. They also were concerned, as the Cardinal was, about the freedom of choice and the healthy competition it set up for the schools.

This group of businessmen, and I think it is important here to note that we are not talking about Catholic businessmen. In fact, in the group of five, there was one Catholic, two Protestants, and two Jews. They

went to the Archbishop and said, "We think we know why your schools are important to us. You give us some ammunition, some food for thought, and let us come back to you with a plan, because we are willing to help out."

Now, they were very honest. They did not tell John Cardinal Krol all the things that he might want to hear about the high quality of his students. They said, "This is for enlightened self-interest."

So, the very wise John Cardinal Krol, who is a great advocate for Catholic schools, went to the businessmen with all sorts of statistics. Now, I am going to replace them with the 1988-1989 statistics, but basically he said that the enrollment is, in 1988-1989, 130,000 students. The average student after eight years of elementary school scores 23.4 percentile points above the national average in the TELS test.

The average student entering a Catholic Chapter One, which is a very low, poor area elementary school, tests 20 percentile points below the national average, but by eighth grade, tests above the national average. Sixty-nine percent of all minority groups who graduate from our Catholic high schools go on to two- or four-year colleges. The overall attrition rate, because of relocation, financial situation, academic performance, and dropouts, is less than 3 percent in our schools.

In 31 inner-city elementary schools, 95 percent of all students are minorities, and 58 percent are non-Catholic. In four inner-city high schools in Philadelphia, over 40 percent of the students are minorities, and over 50 percent are non-Catholic. I am sure that the Archbishop had even more statistics and information to give to the businessmen to assure them that our system was worth their saving.

On the financial side, today, based on a conservative per capita cost of $5,009 for educating a student in the Delaware Valley, the Catholic schools save the taxpayers and businesses $634 million a year. The average cost of education on the elementary level in Philadelphia's Catholic schools in $908. Yet, the average tuition in the elementary schools is $409.

The high school tuition in the Philadelphia Catholic schools is $1,255, but the cost of educating the student is $1,970. How do we make up the difference? We make up the difference through the fundraising efforts of the Business Leadership Organized for Catholic Schools.

The Catholic Church of Philadelphia itself is committed to the education of its students. The Archdiocese invests $93 million annually in education, which translates into more than 61 cents of every parish dollar going to education.

The business leaders said we are sold. We are ready. What are your needs? Our needs are the same now as they were in 1981 – the cost of education is rising, our people may not be able to afford it, we need some tuition assistance.

Our second need is the physical plant. Our buildings are getting old. Capital renovation is a must. The third concern of the Cardinal is keeping up with ever changing academic programs.

The businessmen came back with their statement, their motivation of support that has taken us in seven years to a grand total of $42 million raised for the Catholic schools in Philadelphia. We raised those funds by corporate solicitation, foundations, major donor solicitations, annual giving, development offices in all of our high schools to tap those untapped alums, planned giving, gifts in kind, and certainly fundraising events: bringing Pavarotti, a Salute to Youth to Philadelphia.

There is an incredible amount of information that I could give to you about the works of these 25 very prominent businessmen and women in Philadelphia who did all of the solicitations for us. They make our case, they give our pitch, and they come back, extremely successful. For that we are grateful.

Mr. Bill Fishman, who is the chairman of BLOCS, is the co-founder and chairman, retired chairman now, of ARA Services. It is to his credit that in the first year of operation we received a $1 million pledge from ARA; a $5 million pledge from Glenmead, which is part of the Pugh Charitable Trust; $175,000 from William Penn Foundation; and $1 million from Walter Annenberg. He certainly set the tone of the seriousness of the situation in Philadelphia. For that we are very grateful.

Mr. Klenk: Our final speaker is Dwayne Williams. Many of you may have heard or read in the newspapers or seen feature stories on the networks about the Kenilworth-Parkside public housing project here in Washington, D.C. Kenilworth-Parkside has, over the years, established a system of resident management and is moving toward resident ownership. Congress passed a law to allow this to happen.

This is relevant to the kinds of things we are thinking about today, because some people feel, I suppose, that folks who live in public housing projects really cannot manage their own affairs. And that motivates some of the public policy toward whether parents who live in such places would have the ability to make decisions about where their children should attend schools.

In any case, Kenilworth-Parkside has done a lot of things that have attracted national attention toward greater tenant ownership empowerment. There has been a movement also to help young people go on to college.

Dwayne Williams heads up the "College Here We Come" program at Kenilworth-Parkside. This provides information and referrals to colleges. It helps students to register and then follows up afterwards. It has been very successful, and it shows that folks really can do much more than we might expect. Dwayne Williams.

Dwayne Williams: As previously said, Kenilworth-Parkside is a resident management corporation, which was previously HUD-assisted housing that the residents began to manage. As a result of the residents managing their site, they began to recognize certain problems that they had in their community and sought to attack them.

One such problem was that we had, I think, a population of somewhere in the neighborhood of 3,000 residents. Every year only a handful of actual students went from that population to college, although we had a number of youth who, for whatever reason, did not understand the college experience. So we started "College Here We Come" as an effort to bridge the gap between what is needed for an adequate high school student to achieve a college education. Also, I will tell you my position on what business can do for education today.

The simple scenario is a student will come to my office. The first question that I have to deal with is "What can an education do for me?" He really clearly understands in other spectrums of America what an education, I mean what being good at what he does, can get him. Clearly, he understands who Michael Jordan is. How can I become a Michael Jordan? I can practice on my jump shot. It is clear.

Clearly he understands who Michael Jackson is. I can dance. I can sing. I can get started and become a good part of the community that way. But when it comes to education and what it takes for one to, let's

say, get into the mainstream, there was no network actually to implant that in his head.

Of course, they go to school, where for whatever reasons, they can get the skills of the three Rs. However, they do not get the real understanding to bridge the gap between "Why should I go for an education? Because you are making me? Or is it because it is something that in the future I would need and it would help me to a better position in my life?"

So, taking you back through that scenario, the first question that always comes up is "What can an education do for me?" That is a hard question for me to answer because I cannot sit back and say, you can become a computer programmer. It is just not hard enough; it is soft. So, my estimation of what you in business can do for education is that you can send out clear indications of what you expect from people and reward them if, in fact, they reach those goals. Clearly, there is certain insider information to your companies that you do not want to disclose, but you hold the key.

We try to teach our youth that entrepreneurial activity is the key to their success. From the ninth grade on, we teach them different aspects of American society from our perspective all the way up until their senior year of high school. We help them fill out all applications for the college of their choice and make sure that these applications are filed. We rarely let a student out the door with the applications in his hand, because we find that sometimes they do not come back.

This has culminated in about 580 students over the last six years, going to college. Of that number, about 480 have received their degrees, because we also monitor their success in college.

We have agreements with certain colleges and universities to set up special programs that we can send our students through, because for the most part, our students are disadvantaged from the educational perspective. We like to give them every opportunity to reach their goal of completing a four-year degree.

We are funded at this point, and we are a voluntary agency. I run a job shuttle at Kenilworth. However, I also lend my time to talking to college students whenever they come into the office.

So it is really a volunteer activity. We also have received money from *Reader's Digest* to help fund the project. The majority of our money is raised by our chairman, Kimi Gray. She is becoming a renowned

speaker. She donates whatever contributions or nonorariums she receives from her speaking engagements for use by "College Here We Come."

For the most part, we try to send pupils to colleges and universities locally. In that way, we can help with the economics of the situation also. But there have been students, who for whatever reason, have to get out of the environment they are in, because it is not conducive to their achievement.

So, on occasion, we send them away, but our budget does not allow us to pay full tuition for a person to attend an out-of-state university. As you are aware, in-state universities are much less. If you stay at home, the Pell Grant pays for most of it.

That is what we do, in a nutshell. As I said, the big question is you must send out clear indications of what you expect of people, and as I think the Japanese do, make your positions as honorable as possible. As I understand it, in Japan, a computer programmer or a computer technician is a person who is in society, who is honored, meaning the youth look up to him and maybe want to be like him.

We have done that in other arenas, sports or entertainment. But in the educational arena, it is "I have to go to school" instead of "I prefer to go to school." It should be more that "I like this because it will give me something as opposed to make me something." What we do is answer the question "Why should I get an education?"

Mr. Klenk: If I might just make a comment about that kind of effort to wind up our session. This also might offer an opportunity for business people who are looking for ideas.

In Los Angeles last week, the parents in York High School, parents who live in a nearby public housing project, brought a suit against the school board. They alleged that their children were afraid to go to school because of gang activity in the school. People were actually firing rifles and so forth in the vicinity and at the school. They have appealed to the school board to allow their children to select other schools, private or public.

Business people might want to keep their eyes out for that kind of opportunity. It would be an ideal case in which you could perhaps help some of the students involved to select other schools, help them with some of the financial problems, help them understand their college

options, and in the meantime, do a very interesting kind of experiment in what difference it would make with kids in those circumstances, if the most disadvantaged of the disadvantaged were to select another school.

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Panel V

Business and Public Policy

Mrs. Allen: Charles Heatherly will chair our panel on "Business and Public Policy." He is Vice President of academic relations at The Heritage Foundation. Prior to joining Heritage in May of 1987, he served in the Reagan Administration in a number of capacities. First as Deputy Under Secretary for Management at the Department of Education, then as Director of the President's Commission on White House Fellowships, and later as the Deputy Administrator of the Small Business Administration.

In 1979, he was here at Heritage leading the first *Mandate for Leadership* project. As you all know, we just released *Mandate III* a couple of months ago. Chuck has had experience working with academe and with business. Charles Heatherly.

Charles Heatherly: This topic, "Business and Public Policy," is a logical and I think necessary capstone for a conference on the question can business save education. Business-education partnerships and neighborhood coalitions, philanthropy and the other categories of business involvement in education are all very important. All of these areas can benefit from an infusion of new ideas and a commitment to results-oriented instructional programs.

But it is the role of business in the public policy debate that is most critical at this time. It is also the role that business is least comfortable with because it means taking sides on issues. It means asserting real leadership in an arena that has been looked upon as an extension either of charity, philanthropy, or public relations.

Business leaders have, time and time again, been asked to support public education, but seldom are they asked to get involved in education policy making. Business leaders have too often been asked implicitly to be the silent partner in education, the one that helps pay the bills for new and fancier band-aids, but is discouraged from seeking genuine reforms that would attack systemic failures.

Business leaders are, for example, expected to support bond issues for local school construction but they are never supposed to ask about the ossified curriculum or archaic teacher certification rules or declining standards.

They are asked and expected to testify in state legislatures in support of higher expenditures and new facilities, but they are not expected to voice opinions about the disenfranchisement of citizens and parents through overcentralized school systems and gargantuan school districts that are accountable to no one.

They are asked to support candidates for public office who talk glibly about the importance of education without offering one single new idea for improving the performance of our schools.

There are, indeed, new winds blowing in education, but they do not originate in Washington. Nor at the L Street headquarters of the NEA or at Dupont Circle. Those new winds are blowing into Washington from America's heartland. The business and corporate leaders of the nation are joining this grass-roots awakening. They are growing tired of being silent partners.

But are they, at last, beginning to insist on a place at the table commensurate with their stake in the quality of education? If they are, how specifically should they go about the task of making their voices heard in the policy process?

Our panel today is well qualified to discuss these and similar questions about the role of business in public policy. Our first panelist will be John Chubb, who is a senior fellow at the Brookings Institution and has been since 1984. He came to Brookings from Stanford University, and here in Washington, he finds it much easier to get a hearing in efforts to influence American education policy. He has written widely on education and government issues. John Chubb.

John Chubb: Business, in my view, has a crucial role to play in improving our schools. In fact, if business is not involved in improving our schools, I do not think our schools are likely to improve at all.

I say this for two reasons. Number one, if education is going to be improved in this country, it is not going to be improved until the basic system is changed in fundamental ways. I will say a bit more in a moment about how exactly it should be changed.

But education politics, if you do not know, tend to be dominated by what you might call the education establishment – the administrators, the teachers' unions, and so forth. They run our educational systems. They dominate education politics. Until there are other players in the politics, educational systems are not going to change. The only other interest in this country that has the power to participate in education politics and change the direction of education policy is business.

So, number one, since the system has to be changed for improvements to take place, business is the only group with sufficient leverage and interest in the quality of our education to actually bring about that change. So business must be involved. If it is not, I am not really very hopeful about important kinds of changes in the quality of education in this country.

The second reason that I think business involvement in education is crucial is that business actually has as lot to teach educators about how to run an educational system. Now I am not in favor of managers of business enterprises becoming principals of schools. That is a bad idea, but there are many lessons that business could teach educators about how to run educational systems.

Therefore, their support in education politics, their participation in education politics, need not be strictly adversarial. It can be, in fact, quite constructive. So we want business more involved. We want business to play a constructive role because it has some lessons to teach. What are these lessons that can actually turn the educational system around, raise its performance out of the level of mediocrity to which it has sunk over the last ten or twenty years?

The basic lesson that I think business has to teach our educational systems is that they will run much better if the consumer, parents, and the students of the systems are sovereign in the system, if they are the ones to whom the system is ultimately accountable. It works worst when it is accountable to politicians and administrators and state capitals and Washington. The system has to be turned upside down. It has to be governed less from the top and more from the bottom, less by politics and administration, more by markets and choice.

The answer, in my view, to educational mediocrity in this country is to move more toward systems of educational choice. Now it may seem strange for someone from the Brookings Institution to be saying that, since the Brookings Institution has a reputation for being a liberal think

tank. It is not a deserved reputation. But nonetheless, I do work at Brookings.

It is also, I guess, fair to say that I have not voted for many Republican candidates in my lifetime. I do not consider myself a Democrat, but I have voted that way a lot. In many ways, I am liberal. Nevertheless, I do not believe in the current way of organizing education. I believe that it needs to be changed fundamentally. We need a choice system.

The reason I believe that has little to do with my politics, nothing to do with my values other than that I care deeply about the quality of education. It has everything to do, rather, with research that I have been doing at Brookings for the last four or five years with a colleague at Stanford, Terry Moe.

In other words, what I am saying is that the reason I believe in choice is because I am a social scientist. I have done research on the question, more research than I care to think about at this point. I am utterly convinced that the way we organize schools right now is a large part of the problem. The way around it is to reorganize, based on choice.

So let me just give you some highlights of what I have discovered about the way our educational systems run and why they need to be changed. We just completed a massive study of U.S. high schools. It is the largest comprehensive study of high schools that has ever been completed up to this point.

There are nearly 500 high schools nationwide involved in this study. There are 20,000 teachers, students, and principals. There are public schools and private schools. The size of this study has allowed us to draw some pretty solid conclusions about what kinds of things bring about better performance in schools and what kinds of things undermine school performance.

First of all, let me just tell you what a good high school looks like, in very, very simple terms. A good school has clear, ambitious goals. They are not trying to do a hundred different things. They do not have fifty different programs. They are trying to do one or two things really well. They focus especially on academic excellence. They are not distracted by preparing pupils for careers or by putting people in general tracks. They are focused on academic excellence. They have a mission.

The second thing that good high schools have, good schools in general, is strong, education oriented leadership. These schools are not run by administrators or managers. They are run by people who

have a vision of where that school wants to go in terms of education and know how to get the schools there.

We asked principals, for example, why they became principals. In the good schools, they said, "We wanted to take control of this school. We wanted to get control of the personnel. We wanted to get in control of policy." They had an educational vision. They wanted to run the school.

In the bad schools, the principals tended to say to become a principal because, "Well, I preferred administration to teaching....I wanted to further my career....I wanted to move up the administrative ladder." These are people who are managers. They are not leaders. Good schools are led by leaders.

Good schools have a very high sense of professionalism. Practice of professionalism in the effective schools, the good schools, was creating a year's worth of difference in the education of a child over the high school period.

Professionalism means the teachers were respected. They were treated as if they had a body of knowledge. They understood how to reach individual students. They were given the discretion to make decisions on their own, to make curriculum decisions. They even participated in personnel decisions. They ran the education within the school. It was not run from outside. These people were treated like true professionals.

How do you get schools like this? Where do you find schools like this? Where do you find schools that have a mission, strong leadership, and a high sense of professionalism and are working together as teams? Where do you find them?

We found that the most important basis for an effective school organization was the freedom of the school from external control by administrators, politicians, and unions. The more freedom that a school had to chart its own course, to make its own decisions about what it wanted to accomplish, and especially about who it wanted to hire, the more likely that organization was to run on a professional basis, as a team.

Imagine you are a principal, and you have no control over who is teaching in your school. Your goals are imposed from the outside. Are you going to be a leader? Are you going to be someone who delegates responsibilities to teachers you cannot trust because you did not hire

them and you cannot fire them? Of course not. You have become a manager.

But in schools where principals actually have some authority, they share the authority with the people that they have chosen and whom they respect. So it is no wonder the schools operate like professional teams. It turns out that, in this country, the schools that are doing well are the schools that are not being regulated excessively from the outside, that have autonomy.

The final question is, where do you find autonomy? What schools are so fortunate as to have autonomy in this country? There are basically two types. One type of school that has autonomy, can organize effectively, and is doing a good job is the school that is sitting out in a rich suburb, part of a small district with bright kids and involved parents.

And that is great. Those are the schools that do not need a lot of help. Public schools in general are not treated that way. In fact, they are treated the opposite. The worse they perform, the more autonomy is taken away from them and the more they are cracked down on by politicians and administrators from the outside, all of which creates a vicious cycle of poor performance.

There is another kind of school in this country that has autonomy, organizes effectively, and is doing well. That kind of school is the private school. Private schools in this country, whether they are part of large Catholic systems or parts of small systems, are organized on a highly decentralized basis, where absolute autonomy exists at the school level.

Why are private schools like that? Why would the Catholics, who, in other contexts, like hierarchy, why would they decentralize authority to the school? The reason is that the Catholic schools, like all private schools, are in a market. They are competing with one another for the support of parents and students. If they do not get the support of parents and students, they go out of business. It is that simple.

The effect of this on organization is that it pushes authority down to the school level. Because if your first objective is to keep parents and students happy, how are you going to organize? Are you going to put all the authority somewhere far away in a state capital where parents cannot reach it? Of course not.

If you want to keep parents and students happy, if you want to respond to the demands of parents and students, which private schools

do and succeed by doing, you have to decentralize. You have to push all the authority down into the school. So, market competition is what leads private schools to decentralize their organization radically to provide autonomy to the schools, which in turn leads schools to develop the kind of healthy organization that they need to succeed.

So, to improve schools, you have to give them autonomy. But you cannot do that in the system as it is now organized. You cannot just give principals and teachers the keys to the school without any way of holding them accountable. Right now, they are not accountable. The only way that you can give them autonomy, yet provide some accountability to society, is to have those schools with autonomy compete with one another for the support of parents and students.

That means moving from a system that is organized as it is right now, from the top down, to a system where schools are not entitled to any enrollments or any financial support unless they are able to attract students and parents. That means reorganizing public education on the basis of the principles of competition and choice.

There are many ways in which that can be done, many ways with which school systems are experimenting today. It is a practical idea, but more important than that, it is the only idea that will bring about significant and lasting school improvement in this country.

Mr. Heatherly: Our next speaker on the panel will be David Hoppe. David is the administrative assistant to Senator Dan Coats of Indiana. He was previously Vice President for government affairs here at The Heritage Foundation. Prior to that, he had been on the Hill on the House side for many years working for the House Republican Study Committee in leadership positions with Trent Lott and Jack Kemp. He is going to speak to us today about how business can participate in the policy process with regards to the federal government. David Hoppe.

David Hoppe: Looking at it from this side, it often seems as though it is an attack upon the barricades to attack the education establishment, whether it be the educational establishment here in Washington or in the state or sometimes even in the school district. But what you find, just like behind the barricades, is a whole bunch of little people in the bureaucracy. Whether it is on Capitol Hill or in the executive branch, what you will find yourself doing is dealing with people.

What I want to try to do is give you a primer, if you will, on how to deal with these people, because people who are not from Washington find the sort of people you deal with here to be a very strange sort. Partially it is because they are, and partially it is because that is the way their job forces them to be.

So let me just walk through some of this in hopes that it will be helpful to you in trying to implement a lot of good ideas and to make the types of changes you have been talking about here today. I hope to give you some ideas on how to get that done in Washington, if that is your goal, or in your state capital, if that is the object of your assault.

I am going to tell you a few things I think you probably will not know. I hope you will be able to integrate the useful things that I can give you with the things you already know much better than I do and use them effectively to make the types of changes that have to be made in the educational system.

The first thing you have to do is realize the facts behind a few myths in legislative organizations and to a great degree in the executive branch. First, people do not read. It is not that they do not have the ability, it is just that they do not. They review things very quickly, scan things. They scan a lot of things. I mean, there is an enormous amount of paper, and then they throw it away.

Second, they do not think. Nobody thinks in Washington. They react. They have a problem, and they react to it. This is perhaps overstated a little but essentially correct. They do not think and they do not read. They react and they review. So understand that.

It is not necessarily a reflection that they are stupid people or incapable or would not like to do something different, it is simply their job. Their job is not to do these other things. That is the type of person you are dealing with in any state capital, in Washington, D.C. It is a totally political atmosphere. Education has become almost totally politicized at this level.

At any bureaucratic level, it is a political game. It has little to do with teaching, with learning things, with how students can become more intelligent and learn faster. It is a political game, so the information you develop to impart to them has to be political information. What I mean is that it has to be relevant to what they are doing at the time.

Giving them the best information in the world that is not relevant to the problem they are addressing is of no avail with people who are not

thinking and not reading. They have a problem. They have to deal with that problem. What you want to do is put your solution into a framework that they will understand. Talk about it in terms of the political problem they are currently dealing with.

You will all of a sudden establish an ability to communicate that you did not think was there. You must start communicating before you can get them to change their mind or before you can at least educate them to some of the things they may be doing wrong.

You will find that most of the information you develop goes to one of two types of people. You will either deal with staff or, in a very rare situation, you will deal with an elected official or an assistant secretary. Mostly, though, you are dealing with staff. These are harried people who have a whole lot of things to do and think they are much busier than they are.

They spend thirteen hours a day at their job because work expands to fill the time available. If they spend thirteen-hour days, at the next party, they will be a very impressive person because their day is longer than that of the guy next to them. In fact, most people in Washington work at least 26 hours a day.

But you are dealing with people who have a lot of different things thrown at them. In many cases, they are generalists. They do not have expertise. You have much more expertise than they do. Today they are going to talk about education, tomorrow about SDI, then the day after that about health, and after that, who knows what.

They are not experts. It is not their fault. They are not hired to be experts. They are hired to go through hundreds of issues that will come up on the floor or have to be pushed through the system. Obviously, the departments have people who focus on education or focus on defense or focus on energy. But once again, they may have 110 different types of issues within their own area. So do not expect them, necessarily, to have the expertise or to have read or understood or know the things you know. Your information is probably better than theirs in many cases. But that is what you have to be aware of, that you often are going to deal with somebody who is a generalist, not an expert.

The most helpful thing to them is for you to walk through the factual information. Have it available in terms that they can digest very quickly.

The other thing you will find in Washington, and any place politics is practiced, is that people never read more than two pages. It is just

not done. If you get them to four or five or six pages, then you are really pushing the envelope for these people.

If you can boil something down, if you can make your point very quickly, then you are going to have a better chance of getting that point across. If you are making your point on the twelfth page of a 24-page piece, that is the piece of which three pages will be read that will then sit on a shelf.

I have boxes of things I am going to read. But I am never going to read them. I may get to a point where I can read them, but unfortunately that is not going to be at the time it can do any good for anybody on the issue involved.

Understand, that is the type of person you are approaching. That is who you are dealing with, the person who, as I said, is harried, but feels more harried than he is. So be sensitive to that, and you will be able to get more information across. Give them your expertise quickly boiled down.

The other type of person you will deal with, and there are a few around, some in the departments, some on committee staffs, and some in the legislative institutions, has some expertise. They are knowledgeable, but once again, they are not doing research. Very few of them are doing anything at the cutting edge. They are trying to gather as much information as they can and read it as quickly as they can and catch up.

That is what they do – catch up. You people are the ones who know what is happening and can tell them what they have to catch up on. So, though they may have expertise and understanding, they probably are behind. Most of them simply do not have the opportunity to stay up to date with the things that are happening in the field. You can be of great help to them, but being able to give them this material in a brief form will help them digest much more of it.

Let me talk a little bit about how decision making is done in political institutions and political cities. Decision making is not made on the weight of evidence. You do not necessarily convince anybody because your argument is correct. You really convince people because, politically, you have communicated that this is the right thing to do, and it may be a wise thing to do.

Some of that politics is leverage, but some of it is just understanding politically what people are going through and showing how what you are proposing can be effectively useful. For some people, this is a new

idea. For other people, it is a way of solving a political problem. For others, it is pure leverage, but they deal in political sense.

A few years ago, I was talking to a group of steel manufacturers who were here in town. They could not understand why their idea, which made perfect sense to them from a business point of view, would not be accepted. I said that it was a wonderful program, but that they did not have a chance, they would fail. They could not understand. I just said, it is not relevant to the political situation here in Washington. Nobody will listen to you because you are dealing with a political group of people. These are not business people.

In your situation, you are not dealing with educators. They do not understand education and how it works. Even some of those on the education committee do not understand education and how it works. So what you will have to do is walk them, politically, through why it will work, why it can be successful, why it is good for them.

Translate all things into politics. It will make you more effective rather than having them have to make their own translation. They understand things from a political point of view. They are in this line of work because they are first of all, political, and second, experts or lawyers or whatever they may be in their chosen field. You do not end up in a city like Washington or in a capital city of some state unless you are first of all political. So try to translate it that way. It will be that much more effective. You will get through much more easily.

A second thing to do, when you use examples to show them what you are saying is correct, is do not use an example they may have heard three or four times because they will tune you out. They have heard it all before. They know. They are on the committee. They know. They are in the administration. They know. They will tune you out. If you have a different example, one that comes from a different angle, use that, because that will catch their interest. And catching their interest is a big part of the problem in a political institution.

You cannot assume that, from the information you give them, they will draw logical conclusions. What looks clear to you between A and D is not necessarily clear to them. So walk from A to B. A, therefore B. B, therefore C, which means D. Do not say A, and of course D will result. They will not understand that D will result, many times. Walk them through it very carefully.

You not only have to lead this horse to water. You have to try and show him that it is real water and drink a little bit with him and push his head into it.

But it does work that way. Logical deductions are not something we do very well in Washington or in other political contexts. Show them what you are trying to do, how the ideas you have interrelate, how one thing works together with another and how they affect each other, how they cause something good to happen.

Finally, if you are looking at a specific piece of legislation, or a regulation they are trying to put out, take that specific thing and single out one point. Walk them through what that means, because most people who deal with these things are used to vague generalities. They do not understand that, if you do one thing here, it leads to a whole different result in reality. So walk them through.

Extrapolate what this particular change that you are worried about or proposing or supporting may mean, how it can work for good or work in what they are doing, if what they are doing is bad. Walk them straight through what will happen, because this is logically what will happen. Most of them can understand it in that way.

But very few of them take the time to sugest that you wait a minute, and consider if we do this, by the time it gets out there what will have happened to it? They do not think about that. Because what they are concerned about is getting this done very quickly so that it can be okayed by OMB or whoever and put out as a regulation or put in as an amendment.

So, walk them through and pinpoint some one aspect and show them what it means. That is the the only way to get them to understand it because most of them do not have the time to do it any other way.

Let me close by just asking you to become more involved. You have the expertise that these people need. Indeed, as much as I have said, they are not people who focus on these things. They do need it. Most of them are good people who want to do a good job.

Now they may have the wrong point of view, or they may come at it in the wrong direction philosophically or come to the wrong conclusions, but it is not because they are bad people. It is because they perhaps do not have as much information, they do not have the right information, they have not seen how it works in real life. But they are

basically good people who want to achieve good goals. Help them do it. Become more involved. That is the only way you can help them.

Work early on in the process. Get involved as soon as you know there is a rule making coming down, or if there is a bill that is in the subcommittee, start there. Do not start at the committee level.

Do not start when they are already on the floor, when you have to change the minds of everybody who has been on the committee, and when people have cemented themselves and have made a commitment to the NEA or the school board or people back home in their town or in their district.

Do not do it then; do it early. Get there early. Establish the relationship. Establish your credibility. Provide the information they need and help them. Help them get the information they need to make the right decisions. Help them see some real people who understand the real problems that have to be solved. You can do that. Most of them rarely see real people. They see a lot of paper.

The ability to talk to real people about real problems does open their eyes, and it is very effective. So I encourage you to get involved. Establish a basis of trust and credibility with them. The earlier you do that, the sooner you do that, the more effective you will be in the long run.

Mr. Heatherly: Our next speaker is someone you have met already as he was the chairman at one of the earlier panels, Bob Woodson, head of the National Center for Neighborhood Enterprise. I want to take just a moment to cite for you some of his achievements that you may not be familiar with. He served on President Reagan's Board of Advisors on private sector initiatives for many years. He has served on boards for several nonprofit organizations, including the Americans for Tax Reform and the American Association of Enterprise Zones. He has received many awards, including the outstanding public service award from the Georgia Coalition of Black Women, the National Association of Neighborhoods' Outstanding Service Award, the Lesley Pickney Hill Humanitarian Award from his college alumni association, and the National Black Police Association Outstanding Service Award. He is, in a word, a real leader. Bob Woodson.

Mr. Woodson: I would just like to talk very briefly about how some of the innovative ways of communicating and getting ideas put into action affect poor people, because that is what I do. I spend a lot of my time trying to translate policies into actions to help people who are in low-income communities.

I would like to add to the difficulties that exist in working with administrations and were outlined by Dave Hoppe. Something else happens to people, especially Republicans, when they come to Washington to join an administration and to change things.

When they sit down and talk to people, they say, well, circumstances are not as bad as we originally thought. We can cooperate with these folks. Their views on that – we have to govern. We have to learn how to govern. We represent all the people. Whenever someone starts handing that to you, watch out.

This is particularly true as we address the problems of poor people. I think it is fair to say, just to put it in perspective, it is not for lack of generosity. Americans have spent a trillion dollars in the last twenty years on programs to aid the poor. A trillion dollars. So if somebody was poor and making $3,000 a year twenty years ago, and there has been such an increase, they ought to be making $75,000 a year, but something strange happened on the way to the bank.

The fact is that 70 percent of those monies go to the people who serve poor people. There is an industry in America that I call the "poverty Pentagon" where they play on United Way. They say, thanks to poor people, they are working. They seek the malady of the month. Poor people are the development bank for service providers. They go through every month and they look for the kind of people they serve. Oh, a drug addict here, a school dropout there. So most of the monies that we have spent goes to those who serve the poor. They are answerable not to the people that they serve, but to their market. They are answerable to those who supply the funds.

Some of the folks who fund them are sitting in this room. New York City, for example, spends $14.8 billion on 1.2 million poor people; $900 million of that comes from United Way and corporate contributions because they are used to match government funds. In New York, according to a study, 68 cents of every dollar goes to the people who serve the poor.

The poor have only one responsibility – to remain poor so they are eligible to be served. A lot of poor people that we talk to around the country, though, are disappointed and now realize that a lot of what is done in their name is not benefiting them. Their disappointment is likened to that of the man during the civil rights days who said he sat-in nine months at a Mississippi lunch counter. When they integrated, they did not have what he wanted.

A lot of folks realize that they do not have what they want. This gets acted out in very interesting ways because the problem is that our policies toward poor people are based upon certain assumptions about them. That is, poverty makes you not only dispirited, frustrated, but stupid. So as a consequence, there is no need to do anything to involve the poor in their own solutions. Because, after all, if they were smart, they would not be poor.

This is true for both conservatives, unfortunately, and liberals. Conservatives on the one hand, tend to believe that all you have to do is open the gates of the free enterprise system and then meritocracy will judge winners and losers. They fail to understand that, in order for the poor to participate in the free enterprise system, they have to have the requisite information. A lot of them do not have the requisite information.

It has nothing to do with how smart you are. If I am going to sell you a color television and I say it costs $15,000, if you have no basis of comparing the price, you may pay me $15,000 for it. Those of you who are involved with business understand the importance of information. If you have expert information, you can excel in the marketplace. If you have insider information and use it, you can go to prison.

But information is critical. Liberals, on the other hand, tend to believe that, even if poor folks had the requisite information, they really are too stupid to make informed judgments for themselves, and that is why professional service providers are needed to make decisions for them. There is an old African proverb that, when bull elephants fight, the grass always loses.

Poor people are the losers in this kind of bipolar debate. On the one hand, Chicago University sociologist William Julius Wilson says we need to fund the poverty Pentagon even more because people need more opportunity. Charles Murray, welfare expert and noted author,

says, no, we must withdraw opportunity from them. If we starve them enough, then they will go out and seek opportunity for themselves.

I am saying that we have a moral responsibility to change this around. You can play a vital role. How do you change it? I would like to walk you through some specific steps to complement the remarks of my colleagues here, to talk about specific examples and approaches that can be undertaken to empower poor people.

First of all, I like to talk to business folks because they have something in common with the leadership among poor people – strategic interests. Because 70 percent of the work force of the future, the next twenty years, are already working today. Eighty percent of the new entrants into the work force in the next twenty years will be women or black and Hispanic people.

But 800,000 of them are dropping out of school this year, and 800,000 more are graduating illiterate. So, in order for American corporations to be competitive in the future, they are going to need informed, intelligent people who can respond. When jobs are being redefined every seven years, we have not even dreamed what 20 percent of the corporations of the future will look like.

There will be new forms. So we need people every seven years who can be taught to learn new skills. Also, it will be the group from which we will be drawing our fighting forces because we will still need conventional forces. That means that there is a strategic interest, a link, between business and low-income people.

If you are a member of the poverty Pentagon, you benefit from the existence of the underclass. You do not care if the tax rates are high, because you are going to get your money anyway.

If you are in business, you have an uncivil environment where there is crime and high taxes, you are losing business opportunity. Also, it is a hostile environment. Business does not function well in a hostile civil environment. Low-income people cannot live in a hostile civil environment. So that is the basis upon which there can be some strategic alliance.

Also business is driven by outcomes and consequences, not process and ideas. Innovation is appreciated, regardless of whether someone has the proper training. If someone comes up with a new computer software package, which means an extra $10 million to your corporation, I dare say you will not resist accepting it, just because the person

does not have a degree in computer science. That is because you are driven by what works.

Poor people also are driven by what works. It has to do with how ideas are formed. Ideas and changes of behavior are not influenced by research studies. They are influenced by television. They are influenced by perceptions of the way things are. That is why detectives in the various police departments started to dress better after Kojak came on television.

There was no study that said you are more effective as a cop if you dress well. It was because Kojak dressed that way. The same with SWAT teams. When that SWAT show came on television, there were almost 125 different police departments with SWAT teams. In Riverside, New Jersey, a cop on the beat did not use his gun for four years, but they had a SWAT team.

It all has to do with perception. So what we have been getting all along is the perception that the way you deal with poor people is to study their failure. And once you have studied their failure, then you find out how many sick people there are. Then we fund these organizations to treat these sick people.

As long as we continue to focus on the deficit side of poor communities, and direct our resources at meeting the needs of the deficiencies, we will always stay where we are. It is as if I were to interview four of you sitting in this room and I asked you how much your mortgage was. What was your car payment? How much money you owed and so on. Then I said thank you and left. I make a report, "Those people are in trouble."

If I never ask you your assets, I do not get a real picture. It is as though you go into low-income communities and only interview and do research studies on the 50 percent of the families whose children are on drugs or are in jail or dropping out of school without looking at the other side, the asset side, and saying why, how can we explain the fact that, under the same conditions of poverty people are managing to raise their children successfully? Their daughters are not having babies. They are not dropping out of school. They are not on drugs. They are not going to jail. The message is that we can learn more by studying success.

In business, if you wanted to learn how to set up a computer business, would you go to ten entrepreneurs who had failed and say, please let

me study your failure so I can be successful in business? No. You would go to people who were successful. They are the ones who write books. Failures do not write books. People who are successful are the ones who write books and inform others as to what to do.

Well, we must do the same thing with low-income people. We must embrace those who are successful in spite of poverty and find out, as we do at the National Center, what are the operating variables, as sociologists like to say, those ingredients, elements in their behavior, in their group associations, in their relationships with one another, that explain their success.

What we did at the National Center was to go around the nation and find out about education. We found that there are 400 independent neighborhood schools where the disaffected public school teachers have joined with low-income parents in establishing their own independent schools that vary in size from 25 to 400. They operate on budgets of 60 percent of the public school budgets. Some of those kids are graduating two years above grade level, in some cases using the same public school textbooks. But many of those groups are struggling.

We also administered – with a small grant – a program of 100 neighborhood groups, people like Kent Amos and others around the country. They could apply to us. These are people who do not have computers or word processors. They would not qualify for United Way help or many of your foundations. We gave grants from about $500 to $10,000. They could apply on a handwritten, three-page application in pencil.

They could get a response in 60 days. You should see the marvelous things they are doing. About 35 of them are working young people that came together in organizing their own businesses. They went to corporations in a city and found what it is they buy. They talk to the purchasing agents.

They found that ten of those companies buy wood pallets. So they approached a retired carpenter. Now twenty young men and women are employed making wood pallets to supply the needs of those companies.

But in the process of learning those skills, they learn how to open a bank account. Some get enticed back into education because they have spun off into other businesses. Some of our young people found out that, in St. Paul, Minnesota, they do not sell hot dogs on the streets as

they do in New York So they started their own concession. They did not have an advertising budget. So they named their company aft - an existing firm and hoped that they would be sued and get in the newspaper.

Then they could withdraw the name and change it. Then they would sell. This was part of their strategic plan. Another group of young people in Camden, New Jersey, kids who otherwise would have been in prison, came together with our help. They set up two greenhouses that they built on a military base that had closed down. They are growing thousands of plants that they sell retail and wholesale. They have an extensive business network.

The point that I am trying to make is that there is a tremendous amount of energy, thousands of people in low-income communities who are doing innovative things in education and entrepreneurial development and a lot of other things that go untapped as a potential resource for this country.

What we do at the Center is try to bring those people together so that they can share their experiences with one another. Then we have our policy types and academics sit down with them with the microphones going and ask them questions. We try to find out how can public policy stop messing with these folks. If we cannot help them, at least let us stop interfering with them.

We have found that if we wanted to pass some legislation, we should forbid discrimination against people because they lack education. There is no correlation between professional certification and qualifications. So we need to understand that and get this kind of barrier out of the way. People should be judged based on their performance. That is how the marketplace operates. What I am suggesting to you is that people like Kent Amos lack the kind of resources and the kind of authority that comes with associating with companies like yours.

The Amoco Corporation invested $1.9 million in the National Center three years ago to enable us to reach out to thirteen resident-managed public housing units. With that money we were able to leverage $43 million in public/private contributions for poor people that resulted in seven amendments to the Housing Act, which changed the law.

The people who resist such changes do so because they derive their moral authority by saying they represent poor people. But when we

make it possible for the poor to speak for themselves, it undermines their moral authority. Then they have to vote with us.

So I am saying to you there is a lot that can be done. We have endless examples of success. What we need is a relationship with people like you – not only your money and your support, but also the kind of legitimacy that you give these groups by the association with your company. You also have lawyers and other people that could make their resources available.

So when the city starts messing with some of our folks, if they are represented by an Amoco attorney, the city thinks twice about it. Or when we are trying to joint venture, or do a syndication, or raise private dollars to enable a low-income housing group to renovate an entire block, the fact that we are associating with a company as a part of that deal does an awful lot to move the political baggage out of the way.

The last thing I want to say is what I always like to conclude with, a little piece of wisdom that comes from the grass roots. It deals with this whole issue of the relationship of education as a barrier to performance. I am a strong believer in education. I am not suggesting that I am anti-intellectual. We need educated people.

But that is not the only way to achieve in this society. I tell young people this. Because if you really look at it, there is an inverse relationship between success as an entrepreneur and education. The more education you have, the less risk you want to take. You are really just looking for a job.

The second point that I want to make is smart people do not earn their Ph.D.s. They hire them.

The last point dealing with putting a proper perspective on education is a quote from A.D. Gadsen. He is Alabama's first and oldest black millionaire. A. D. Gadsen is 98 years old and still doing deals. He is a millionaire many times over, and he has a third grade education. He says it is better to say "I is rich" than "I am poor."

Mr. Heatherly: We are open for questions from the floor. Yes?

Guest: Mr. Chubb, would you address the issue of choice as it relates to small communities? Are you only talking about choice between public schools?

Mr. Chubb: The concept of choice works better where you have a potential for a supply of schools – more than one or two schools. That, obviously, is going to be better suited to a densely populated area, either a suburban area or an inner city. Especially in the case of the inner cities, it is a concept that works very well. The inner cities are also the areas where we have the largest problem. So it is a solution that suits the problem at its most severe.

But I think it is also important to recognize, with respect to the less densely populated areas, that in many rural areas there is one high school. It is arguable that you have to have only one high school because that is the efficient way to do things. For there is very little evidence that it is more efficient to have a large, comprehensive high school than four or five smaller schools that are not comprehensive at all but are specialized. In fact, there is every reason to believe that smaller, specialized schools that match the service provided to the needs and motivations of the kids will work better than a large, comprehensive high school. So even in rural areas where there are not 100 schools for a child to choose from, you could easily imagine, even within the same facility, having four or five or six schools to choose from.

One way that the physical obstacles to multiplying schools are often overcome is by getting beyond the idea that one school is one building and setting up what are often called schools within a school. If you have a large high school facility, it is possible for different wings or different floors of that school to become different schools. Just as each business does not have to have its own building and office buildings around town have lots of different businesses, so can school buildings house different schools.

So yes, it is easier to implement a choice system in a densely populated area, but one of the obstacles to multiplying the number of schools is the mind set that the only appropriate size for a school is 3,000 kids and several hundred teachers and so forth. That is a school size that has been determined over the years by administrator fiat and not by any test of what works.

Guest: Over and over today I have heard about the possibility of choice. What would you do if everybody chose the same school? Would that not lead into ramifications where the better students would get the

choice of the better schools? Because somebody is going to have to wind up in the other schools.

Then I would like a comment. Nobody goes into teaching for the money. If you took those administrative salaries and divided them among the teachers, that would be lovely.

Mr. Chubb: Well, just a quick response to the second point. There is every reason to believe that a system that was driven from the bottom up and not from the top down would be leaner administratively. That would provide more resources for instruction.

It is really astounding how large a share of school expenditure is devoted to purposes that are really only remotely related to instruction. In a leaner administrative system, it is true there would be more money to allocate to teachers. That would only be for the good.

The question about what do you do when everyone wants to go to the same school is probably the question that I hear most often. It is only a problem if what you are operating is a highly controlled system of choice where the supply is not allowed to change. For it is absolutely true that, if the supply is fixed and there are only so many good schools and lots of kids will not be going to them, and those who do not, have to go to the bad schools, there is a problem. In fact, there is really no point in moving to that system because all it does is say that the few kids who are lucky in the lottery or get selected to the good schools will be better off and the other kids will be worse off, and you are not raising everybody up. You are just shifting things around.

For the choice system to work, the supply has to be capable of change. You have to have the possibility of those schools that are not attractive to anybody being closed down and reopened under new leadership, reopened with new teachers. That has to be allowed to happen. If it cannot happen, then you have a problem.

In a system where the schools are competing for students, where there are schools that are not chosen by anyone and teachers that principals are trying to shuffle out of their schools because they are afraid they are undermining their ability to compete, eventually those teachers and principals that are no good all become concentrated in the same school.

Then there is a much clearer and simpler administrative problem and political problem to deal with. Then you can go to the powers that

be and ask whether to keep these schools open or close them – whether to continue to support these teachers that are bad and so forth? So such a system can actually be a help to central administrators because it provides them with the ammunition that they need to fight mediocrity in the system.

Guest: I would like to ask John Chubb a question about choice. Some of the things you described about choice and good schools sound very much like school site management and shared decision making. Can you differentiate the two, because some might think that qualities in those schools where they share decision making can occur when there is not necessarily a choice system?

Mr. Chubb: That is an important question because there are many people that have this new religion, so to speak, about autonomy being important. Now there are various moves afoot to try to decentralize decision making within the existing school systems. Frankly, these efforts are ways to fight off the worse alternative, which is breaking up the school systems. But school site management, from what I have observed in efforts to implement it, is likely to be superficial. It is not likely to make a difference.

What you can observe about school site management is that, in the places where it has been tried, the superintendent and the assistant superintendent and all the people in the central office create a bunch of rules about decision-making processes and about who is allowed to participate and about how decisions will be made and about how votes will be counted. Then they say okay, now this is exactly how school-based management works. In other words, they want to make it look as though the school is managing itself. But really it is not because it is just managing according to the rules that are set up on the outside.

So a lot of it really turns out to be superficial. There is no reason to believe, if the schools begin to make decisions that are at odds with the outside interests that are most influential on school boards, on superintendents, that the outside authorities will not turn around and take that authority away.

The only way to guarantee that decisions will be made within the schools is to create the kinds of pressures that make that sensible. Competition makes school-based management sensible. Politics and

administration do not make it sensible. They are the reason that all that power has been taken out of the schools.

Over the years political pressures were for centralization, not for decentralization. So I think that school site management is likely to go the way of every other school reform over the past twenty years – just be assimilated by the system and disappear.

Mr. Woodson: Just a footnote to that. That is a classic argument because there is an assumption that, if there are poor policies that are essentially developed and administered, somehow they will improve and be reformed if they are decentralized. There is a distinction to be made between decentralization and devolution of authority to people where there is real control.

Sometimes people get these two confused. What we support is devolution. This was argued in 1943 at the University of Chicago, by Robert Hutchins, about when the G.I. Bill of Rights was being discussed. As you know, Hutchins, the young president of the University of Chicago argued, as others had done, that if you gave the federal dollars to the G.I.s and gave them a choice, it would create an intellectual hobo jungle out of higher education.

Well, of course the Congress refused to treat G.I.s like poor people. So the money was given to the G.I.s. Now there were some fly-by-night schools that sprang up, but they were out of business within a year or two. Why? Because the word got around, as it does in the marketplace, and bad quality institutions went under and better institutions stayed afloat. Certainly that is an oversimplification, but that is essentially what happened.

Mr. Chubb: You do not have to be a genius to shop for a good school. I mean it becomes pretty obvious to even the dimmest person which are the good schools and which are the bad schools. The bad schools, eventually, are not patronized.

Mr. Heatherly: As the chairman's prerogative, I would like to ask a question of the panel. Dave Hoppe gave a humorous, somewhat cynical view of the role of ideas in policy making. Yet we here at this forum talking about ideas, about what does work and what does not. Mr. Chubb is about to publish another book about new ideas in school governance and education reform. What really is the prospect for new

ideas or good ideas breaking into the system and influencing educational policy makers, or is it simply a matter of brute politics and making enough trouble until people listen? What is the difference between the two?

Mr. Chubb: I believe that brute political interest is what makes the biggest difference. But there are ideas that occasionally catch on, that serve political interests very well and begin to generate support.

For example, back in the 1970s when we had a great deal more regulation than we have today, the idea caught on that pro-competitive deregulation could be good for the left and good for the right. It was an idea that was brewing in think tanks and universities for fifteen years before it got anywhere. But finally it did.

Educational choice is an idea that seems to have that kind of potential. When it was being advertised simply as vouchers, it went nowhere because vouchers sent off all the wrong signals. Now it is educational choice, and that is something that is harder to argue against. If you ask the public if they think they ought to have the right to choose your public schools, 75 percent of the public says yes, of course. So it is an idea that I think can make a difference.

But nonetheless, I think that if choice is to be implemented in a significant way in this country, what is going to make the difference is that people are going to recognize first that the schools really are performing terribly. Second, if they do not perform better, our economy is going to be in really bad shape, relative to other countries in the world. And three, the educational system has had a long opportunity to turn things around, but it has not. Therefore, something new should be done. Those are the political kinds of answers.

Mr. Woodson: A lot of us do a poor job of marketing our ideas. Ralph Nader is a master because he gives ideas and concepts form and substance by having that blood-soaked fender of a Pinto on a table at a hearing with the parents of a deceased youngster crying. Everyone knows what policies he is trying to change. A lot of us who are trying to advocate for policies that we think we need should use the media more.

Every time I see a two-hour show sponsored by Mobil about snail darters in Maui Maui, I wonder how much did that cost and what could

we have done with a budget like that to support the programs of Kent Amos and people like him. What could we have done to drive home to the American public what choice can really mean to the families America says it really wants to help?

Mr. Hoppe: First of all, you need a good idea. You do not want to implement a bad one. But there are ways of doing it more effectively. That is what you have to do.

Unfortunately, just having the good idea is not enough. You have to figure out how to get it moving. That is what I was trying to say, not that we do not need the good ideas. We do. Without them we have nothing – no ammunition. And the rest of us are trying to figure out how to aim the gun.

Mr. Keleher: It would be easy to underestimate the extent to which theory does inform practice in this country. You need the Herb Walbergs and the Denis Doyles and the think tanks like this. It does seep through. It takes some packaging. All of what David Hoppe said was true last year in the Illinois general assembly.

Even business people there do not think, and they do not read. Sometimes they react. But there are controlling ideas. We listen and we talk a lot. Those ideas have influence so there is penetration between theory and practice. I am just urging the Chubbs of the world to keep up their good work.

Guest: Dave Hoppe, when you were explaining how to get an idea moving through legislation and so forth, I think you might have missed perhaps the most important element. That is, to explain to the person, legislator, bureaucrat, whoever, why this idea is good for them personally – why it is actually in their interest to get the idea moving.

Mr. Hoppe: There are different types of people. Different people accept ideas differently. What I did not say, perhaps, as explicitly as I might have is you need a hero. A good example of a hero, at least in conservative circles, is Jack Kemp. His idea was changing the tax system in this country. He proselytized. He worked for that tirelessly. I can remember members running the other direction when Jack would come at them. They did not want to hear it again. But he never stopped.

You need a hero. Sometimes that hero is there just because he likes the idea.

Sometimes you have to explain to that hero why it may be useful politically or why it is useful substantively as a type of change in policy that is necessary. But, for whatever reason, finding a hero is very important in the political process. Without one, every day you are trying to pick off one supporter at a time, somebody new, and you can never build. Frankly, you build no base for the pyramid, as you have nobody to start going out doing your work, to build that coalition to help you. Finding a hero, you suddenly have somebody to go out and do that work, start spreading that system. That is what you want to do.

Guest: You have talked a lot about reform and choice and such things. Is there any research being done, or are there any efforts under way to improve the textbooks that are being used, in high schools particularly? History books that have been revised in ways that are not very good, for instance.

Mr. Chubb: I would just make one comment about this, about the process. Yes, there is a lot of research. Yes, there are efforts to change it. One thing that I am a little bit disturbed about in the textbook business, though, is that textbook selection and the resultant incentives for textbook production are affected by the centralization of the system – by textbook decisions increasingly being made at a state level.

That is not universal but, increasingly, it is a centralized decision. That shrinks the market for innovation. It makes it harder to change textbooks to react to important changes in research and to adapt. In that kind of a system, there is more inertia. You do not get the kind of innovation that I would expect in a more decentralized or market-based system.

Mr. Walberg: I would just say quickly that there have been some very outstanding studies done on how textbooks are selected by states, particularly California and Texas, very much as Mr. Chubb was saying. It is a complex procedure with important consequences, but there is no sustained narrative, cohesive approach to things. So that part of the governance process determines the failure of the textbooks.

The textbook companies are, of course, in this case driven by the market, which may not be a positive force. What we have been talking

about all day today is the idea of choice so people at the local schools can make those decisions for themselves.

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Closing Address

Mr. Heatherly: And now for our closing session, we are privileged to have with us to speak on behalf of Secretary Lauro Cavazos of the Department of Education and President Bush, the Chief of Staff of Secretary Cavazos, Bill Phillips. He came to this position, having served in 1988 as the Republican National Convention manager. He was responsible for all aspects of the New Orleans convention, which was attended by 45,000 people. Prior to that he worked at RNC for Frank Fahrenkopf as Chief of Staff fron 1983 to 1985. He also worked in Washington as vice-president of Russo, Watts & Rollins, a political and public relations consulting firm with offices here and in California. He is from Nevada. In 1978 to 1983 he was Executive Assistant to Nevada Governor Robert List. He was the governor's chief policy advisor for natural resources, health, welfare, criminal justice, and energy. He has served in the U.S. Air Force and is a Vietnam veteran. Bill Phillips.

William Phillips: The Department of Education is coming nto its own now as a department. It has been ten years since it was formed. We all know there has been great discussion from time to time about that action and what should have happened subsequently. But now it is coming into its own.

That is not because of what is going on here inside the Beltway. It is because the American public is beginning to look at education again. That is the way it should be because we are not talking about what we bureaucrats have to say or think about it. We are talking about our children. We are talking about our nation's future. We are talking about what they are going to be doing a generation from now.

We need to keep that in mind at all times. We are not talking about something that is going on down there on Pennsylvania Avenue or up here on the Hill. We are talking about the grade school at Cardinal Forest Elementary where my daughter goes to school, so that is what comes to mind.

You are to be commended for being here today. I now you have been here all day, because you have already shown that you have

embraced the challenge that is facing us. That is, molding the minds and the futures of this nation's children, which in turn is going to mold the future of this nation.

I understand that you talked about strategies of the 1990s. I can remember when, not too long ago, we would say way off in 1990. We are only a few months away from 1990. That is a little frightening. My theory is we have already entered the next century, that we do not have to wait for the year 2000. We are there. It is kind of like Pogo. We have met the enemy and he is us.

But we need to talk about our strategies to improve the education of our children, strategies to mold education reform, strategies to influence education policy at the local level. It is the community leaders who need to press forward with support from us, not mandates from us. President Bush, I think, has focused on that rightfully. What he says, it is the second great wave of education reform.

I would like to take just a moment, though, to reaffirm a couple of things about this administration's commitment to education. It is our goal to improve the schooling and opportunities of our children. I want to reaffirm that we will reward excellence and innovation among schools and teachers – reaffirm that our intention to lower the dropout rate and raise our national literacy is very strong.

Would it not be wonderful if by the year 2000 we had no dropout problem? That is a huge task we are faced with. I want to reaffirm our plan to give choice to parents and to students and also to expand the magnet schools. I want to reaffirm that we will hold those concerned accountable for producing results.

We can no longer afford to prolong mediocrity in educating our children. And finally, we reaffirm a commitment to raising expectations, the expectations of what we expect from teachers, what we expect from school administrators, what we expect from students, and what we expect from ourselves as parents and as community leaders.

Business involvement in education is not a new idea. In fact, it is going on and it is getting stronger every day. It is the business leaders in each community where it is taking place, and this is the way it should be. It is these business leaders at the local level that can really play the major role in influencing public education policy.

Over the years, American businesses have been willing to take time and resources and invest in the health and well-being of their com-

munities. Today corporations are spending literally billions of dollars to compensate for the failures and the shortcomings of an education system that is truly in trouble. Companies are rallying around effective schools, and they are looking for answers to the problems that face public education. There are two very good reasons for this.

The first, business leaders have long recognized that education is fundamental to long-term growth of commerce and to the well-being of industry. The community dedicated to a good, sound education system is bound to attract more people and more business and therefore an improved economy.

Second, a thriving community provides businesses with the ingredients for continued economic success. The development of a new talent pool to recruit employees, the creation of new markets for goods and services, the reduction of business cost, the reduction of business taxes, and the improvement of corporate image are reasons to get involved in education.

There is another good reason, too. Quality education produces quality employees, who produce profits. So they see that, and they see how important it is. As a result of President Reagan's initial act of faith in promoting private initiatives, there are literally millions of citizens today who are benefiting from partnerships between business and local schools.

Last year, the Department of Education surveyed American schools and found that over 140,000 partnerships now exist in education. That is more than double the number six years ago. Those benefiting total more than nine million students. This ranges from those at risk to those who are college bound and clearly on their way to a successful future.

Now business is beginning to take a lead in developing education strategies. We are beginning to broaden the cooperation between business and the schools, and in the process, revitalizing the entire education system. It is beginning where it should, in hometown America.

In some of the communities business leaders already have become directly involved in the strategy and in expanding reform efforts. An example that I am sure you have heard today is Chicago where, facing disaster in the classrooms, the community rose up and demanded improvements in their children's education.

Nobody from Washington made them do that. The decision was where it belonged. In Bucks County, just outside of Philadelphia, there is the Brain Trust. It is a consortium of parents, teachers, and administrators that established liaisons with the local businesses in order to improve quality of education in their home districts.

But merely receiving money and services from business is not enough. It is important, and it has been very helpful. But the time has come when we need to revive our education fortunes. Already there are signs that the business community is beginning to take a look at their involvement. They are beginning to show that they are too pragmatic and too sensible simply to invest, to finance an unproductive and unrewarding school system. This is the way it should be.

In Boston, business leaders, where they are now beginning to demand return for their investment after several years, the Boston Private Industry Council, along with local educators formed what they called the Boston Compact. It was an agreement that the business community would provide summer jobs in the private sector for students and that there would be priority hiring of qualified Boston high school graduates in the coming years. In return, these schools promised that they would improve daily attendance by 5 percent per year, that they would improve academic performance in math and reading by 5 percent, improve college placement by 5 percent, and improve job placement by 5 percent. These five measures of the Compact were simple. They were compelling, and they were easily understood.

After four years of spending on the Boston schools, the Private Industry Council said, "No more. We are not prepared to endorse the expenditure of another $100 million over the next four years if the rate of improvement will be no greater than it was the last four years." They were being very businesslike about their approach, God bless them.

Unless the education community plans more carefully the strategy for future partnerships, corporate disillusionment is going to be widespread. As the Department of Education partnership survey recently indicated, the predominant form of partnerships to date has been what you probably would expect. It has been one-way grants, incentive awards, equipment. And I emphasize one way.

These have been much needed, and as I repeat, they have been appreciated. All of us like to receive a gift. But many school administrators are less than happy with the idea of sharing authority. Only

about one in seventeen would like to see more participation by partners on education committees, committees where the policies are made, the ideas are researched, the debate is taking place.

Instead, they like the idea of a local company signing the check or presenting equipment. If businesses are to make an investment in American education, and this is precisely what we, as communities all over America, are asking them to do, then it is only natural that a business would want a return on that investment, if the return is only a better educated and better trained work force.

The Boston corporations, I think, are a good example of this demand for a return for investment. If educators expect support from corporate America, then educators must be more receptive to a two-way partnership. It must become a true partnership. The benefits, I predict, are immeasurable.

On the other side of the spectrum, businesses as a whole still remain unaware of the impact that they could have on the education system if they, too, would take a look at a new approach to becoming involved in a partnership. Possibly one role for a federal education partner would be to help clean up this education deficit by encouraging businesses to become a partner in a two-way relationship. I say that because we must also lead the educators to becoming involved in the two-way relationship.

I think we can encourage business leaders to insist on a restructuring of the school systems that are not working. Americans are demanding high standards, student achievement, school discipline, strong leadership, parental choice, and accountability for results. What American education most lacks is not money, but it lacks the energy and the creativity that the current structure often stifles.

The most important contribution that the business community can make is not another check. It is not another dollar sign, it is strong leadership for restructuring of American education. Leadership also can encourage openness between educators and business about the problems in American education. More money is not what we need in 1989 to improve education.

This week, we have been before the Appropriations and Budget Committees. One of the questions they asked is what would you do with one billion more dollars for the federal education department? We proudly responded that we have given them the proposed budget,

which sets the priorities as we see them, that this nation now spends in excess of $330 billion, of which the federal government contributes approximately 6 percent.

We do not need more money because it is already shown that money is not fixing the problem. We need to put the money in the right places and the right priorities. It will be interesting to see what Congress does.

One thing is certain. The reform movement must continue. Balancing the education deficit is one of the most important tasks that we as Americans face today.

Our survival as a world power depends upon its ultimate success. If schools fail to teach the virtues and the skills that have made the U.S. the great nation that it is, then there are others who stand ready to take our place in world leadership.

Can business save education? Yes, it can. Will business leaders leverage their enormous talents and enterprise to help save America's schools, or will they be held at bay by those who see financial resources as really the only way to address this symptom of educational disorder?

Fortunately, America has an unwavering, can-do spirit and the untiring leadership of President Bush with Secretary Cavazos and many professionals as well as its private citizens. We can be committed to support the laboratories of education reform. America has the resolve of each and every one of you, which is an excellent start.

Historically, as a nation, once we have recognized a problem, we have come together, found a solution, and solved it. An example is the polio scare that I am sure many of you remember as children. We found a way to conquer polio. Then Sputnik was put into orbit, and we found a way to get the space program into gear, and we landed a man on the moon before that decade was out.

Today the nation is recognizing that we have a very serious problem in educating our youth. We must now come together to solve it, businessmen, parents, educators, and government leaders. We Americans have the ability to turn a crisis into opportunity and a weakness into virtue. For this reason, the nation's third century will be as vital and innovative as the first two.

America's continuing leadership of the free world will be a living monument to the success of education reform here at home. Hand in glove, educators and business leaders can, and they must, work together to educate every American to his or her fullest potential.

Mr. Heatherly: Thank you. When we publish the proceedings of this conference, I hope that Secretary Cavazos will be amenable to a small meeting of some of the people involved in this conference to discuss the recommendations and the ideas that came out of this so that can coordinate our pursuit of educational reform. Thank you all for coming.

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